

# Capitalism and Christian Ethics

Edd Noell

Professor of Economics, Westmont College

## I. Introduction<sup>1</sup>

The spread of market-related activity has led to increasingly widespread discussion of the moral basis of capitalism. We've witnessed over the past quarter century the collapse of centrally planned economies in Eastern Europe, the implosion of the Soviet Union, and the adoption of market reforms in China, India and elsewhere in southern and eastern Asia. Indeed, today very few socialist economies remain as capitalism is pervasive around the globe, albeit in different forms.

These events, sometimes captured under the rubric of 'economic globalization under capitalism', have spurred theological reflection on the presence of moral foundations in capitalism. While some Christian scholars celebrate its moral underpinnings, many others doubt the nature of its moral grounding.

Of course, modern capitalism has been the subject of scorn by those who are not theologians. Capitalism's alleged perverse effects on civil society are showcased in a political scientist's work *Consumed: How Markets Corrupt Children, Infantilize Adults, and Swallow Citizens Whole* (Barber, 2008). Going much further, the late leader of Venezuela, Hugo Chavez, who was never known for verbal restraint, remarked that 'Capitalism killed Mars.' Civilization came to Mars but capitalism killed it. But we can remain on this planet to find caricatures of capitalism, as depicted in this representation of the anticipated outcome of a wider free trade zone in the Americas.

More serious criticisms of capitalism have been leveled (Bell 2012; Cavanaugh 2008). One relevant example is that capitalism is said to be an impersonal economic system that overlooks the needs of the poor.

Christian philosopher Kent Van Til declares "The poor do not have the ability to pay the price asked by the market. Hence the market doesn't respond to their needs, but only satisfies the wants of those with sufficient income" (*Less Than Two Dollars a Day: A Christian View of World Poverty and the Free Market* 2007, 52-53).

What are to make of this particular critique and other related challenges?

Clearly they must be taken seriously and evaluated without caricature if we are to rightly evaluate capitalism in light of Christian ethics. I will offer this morning a qualified positive evaluation of capitalism on the basis of Christian values. In the twenty minutes I have for this presentation I will limit my evaluation to several features of the ongoing debate, in the main those surrounding capitalism and poverty, the subject of this panel. In the paper I draw on Holy Scripture and the tradition of Christian teaching on economic matters for my sources.

Written in the ancient Mediterranean world, the Bible clearly predates capitalism and offers no blueprint for any particular economic system. Yet the principles God directs ancient Israel to organize their economic activity around in the Pentateuch, wisdom and

prophetic literature reflect unique godly values for economic institutions. In the New Testament we find Jesus expanding on these values even as market-related institutions slowly begin to develop in first-century Palestine.

By the time that the earliest form of capitalism arrives in Europe (concurrent with a commercial revolution) in the fourteenth and fifteenth centuries, there is a burgeoning body of Christian reflection seeking to apply Scriptural values to the marketplace. Since then Protestant theologians, Roman Catholic Popes, and Eastern Orthodox scholars have addressed the implications of the Industrial Revolution in search of the appropriate moral language to evaluate the dynamics of industrial capitalism. Modern capitalism is certainly no less deserving of scrutiny by Christians.

I will attempt to contribute to that dialogue here. With certain significant caveats in place, which I will name, I find that capitalism is largely compatible with Christian ethics.

## **II. Christian ethics and market economic activity.**

### **A. What do we mean by capitalism?**

Capitalism is a system of economic and social relations built around several key institutions. Free-market capitalism relies upon the institutions of private property rights, open competitive market exchanges grounded in voluntary exchange, occupational freedom, and the rule of law to oversee these institutions. These institutions matter since they are the rules of the game that structure economic incentives. When the rules of the game change, the economic incentives change accordingly. The changing shape of these institutions in fact gives rise to different forms of modern capitalism.

This is illustrated when we think about the significance of the transferability and enforcement of property rights. In Western capitalist nations, we take for granted the security of our property rights to our house (via a deed), automobile (via a title), and so on. As Hernando de Soto has shown, in Peru, Egypt, and the Philippines, to name but a few examples, the security of property rights is absent. Without a secure title to land, poorer entrepreneurs in particular don't have collateral to enable them to obtain credit to start a business. Being stifled, entrepreneurship flows into the informal sector of the economy. In this extralegal sector people engage in market arrangements but can't rely upon the rule of law to enforce contracts. Product innovations, key to driving economic growth under free-market capitalism, often languish under State capitalism.

Capitalism relies upon competition. The institutional rules govern the nature of that competition. For example, free market rules allow profits and losses to reflect the discipline of the marketplace. Open competition tends to break up concentrated economic power. When market power endures in the hands of firms, often it's because those firms receive some form of governmental protection, for example tariffs, licenses, or subsidies. Mixed capitalist economies in the West are characterized by numerous forms of governmental intervention.

Clearly there are many more nuances to capitalism that could be explored. The foregoing description hopefully offers a representative picture of the relevant features of capitalism that will now be addressed by considering what I consider the main themes of Christian economic ethics. This will enable us to engage in the final section in a brief evaluation of free-market capitalism.

## **B. Christian economic ethics begin with God's creative activity.**

Genesis 1-2 describes God's creative activity in fashioning the earth and its bounty of life. In declaring six times in Genesis 1 that the creation is good, God affirms the value of the material world. Wealth is not inherently evil. While God is the ultimate owner of creation, humans made in His image are given the 'creation mandate', a task of ruling and subduing these resources.

This creaturely task includes combining resources to create value. That is, we follow God in his initiative and creativity to make the earth productive as God's stewards. Even after the fall into sin, Genesis 4 provides examples of creative innovation, with the fashioning of tools, building of cities, and expression of music and the arts. This is an expression of satisfying innate human desires for creativity and to better oneself and one's family by generating value added.

In sum, Genesis offers a vision of generating value-added in the stewardship task that is linked to human flourishing. It provides a perspective on wealth that has greatly shaped the uniquely positive Judeo-Christian worldview on wealth creation as compared to all other religions.

## **C. Implications of the 'Creation Mandate' for Christian economic ethics.**

### **1. The Scriptures affirm the validity of private property rights, for both tangible and intangible property.**

The placing of resources in the hand of individuals made in God's image in Genesis, the commandment against theft in the Decalogue and the statements forbidding the movement of a neighbor's boundary markers in the Mosaic 'case law' each indicate the significance of private property rights for Christian economic ethics. This human connection to property, as both Michael Novak (1982) and Robert Sirico (2012) point out, is not purely about control over physical items. It is also significantly linked to human ingenuity, for it is tied up with a person's "capacity to apply his intellect to matter and ideas, to look ahead, to plan steward the use of that possession" (2012, p. 31).

It is evident that property rights are transferable in the Biblical world, as there are several forms of exchange depicted in the Scriptures, including market-based prices. This is suggested by directions in the book of Leviticus to sellers and buyers to pay fair prices and archeological evidence of seller's price lists in the ancient Near East. Market prices direct the coordination of resources to their most highly valued uses, given the

preferences of participants. The recognition of the pursuit of economic gain in the Old Testament is evidence of efforts by resource owners aiming to combine resources in order to create wealth. Presumably this means that market transactions grounded in voluntary exchange were generating gains for both parties. Interestingly, the book of Proverbs warns against abusing one's neighbor in exchange (10:2); unjust gains, often achieved through deception, lead to death. Yet it also affirms there is an honor associated with legitimate economic gains (10:16); righteous gain is linked with life.

**2. A crucial form in which the responsible steward acts is in the pursuit of entrepreneurial initiatives to create value in the face of limited knowledge. Such initiatives require a large measure of economic freedom.**

Human plans to initiate ways to create wealth inherently face uncertainty. God alone is omniscient; prospective demand and cost conditions are unknown. The wise steward counts the costs, as Jesus tells us in Luke 14. This inherently involves a subjective forecast of economic conditions drawn up under the constraint of creaturely limitations. Hayek and von Mises are right to emphasize that any entrepreneur must make a calculation of costs that is prospective, anticipating costs associated with decisions, and not merely account for costs associated with events as Alfred Marshall posits. Frank Knight highlights the distinctive nature of risk, when decisions are made with known probabilities. Risk is inherently part of the entrepreneurial process. In the Matthean parable of the talents Jesus portrays the master as commending the risk takers among his servants and condemning those buried their talents in the ground. It can be granted this is a story told to affirm the responsible use of spiritual gifts. Still, it's significant that Jesus draws on everyday first-century Palestinian life to make his point and depicts risk-taking without condemning it.

**3. Scripture lays a strong emphasis on one's obligations as a private property owner.**

Each member of an Israelite tribe is expected to practice reciprocity in aiding another. One is bound to help a kinsman when he suffers economically due to a draught or a flood by sharing resources. There is a measure of truth in Craig Gay's assertion that the Old Testament "assumes a subsistence agricultural economy in which competition between neighbors served no socially useful purpose" (2014), though this observation applies much more to production in the fields than sales in the village. Reciprocity helps us understand the expectation of cooperation among kinsmen in offering interest-free loan. Loans were to be repaid in agricultural produce out of the subsequent harvest. Moreover, the requirement of gleanings for the (able-bodied) poor in the harvest of one's fields by those without property, that is, the widow, orphan and sojourner, is also a dimension of the duties attached to private property rights. It is worthy of note here that the poor also take some measure of responsibility by being engaged in addressing their poverty problem, as gleaning in the difficult to harvest portion of the fields involved hard work.<sup>2</sup>

**4. God's gifting of humans is manifested in a dispersal of talent.**

Differing skills and abilities lead to the need for specialization and trade. Individuals, groups, and nations find their comparative advantage (and thereby their comparative disadvantage as well). The dispersal of nations in Genesis 11 upon the leveling of the Tower of Babel has economic implications, as each of the named groups finds a different endowment of resources. The church fathers observe the benefits of this dispersal for trade around the ancient Mediterranean world, which they see as ultimately binding nations together again.

Modern Christian economists pick up the theme of gains from trade in the global economy. Dan Finn (2013) affirms that the poorer nations of sub-Saharan Africa gain from trading with Europe and the US. Richer, northern nations do not gain their prosperity by gouging the poorer nations. While profits are expropriated by multinational firms, they also create jobs and advance opportunities in the global South (Finn 2013, 219).

The dispersal of talents is bound to create income inequalities. Rising gaps in income are interpreted by some Christian critics of capitalism as inherently unacceptable. Jim Wallis (2010) puts it bluntly: “God hates inequality”, referring to income inequality. In truth, the picture is not that simple, as I’ll try to show when considering the context of the prophetic challenges laid on ancient Israel. As the authors Scott and Rae rightly put it, it is much more accurate to say that God hates “injustice and oppression, which both produce and exacerbate inequality” (2011, 69). While the Scriptures affirm that those with more means are responsible to care for those much less well off, they do not call for direct efforts to lessen income inequality. Addressing poverty and remedying income inequality are not equivalent tasks (Hill, 2003).

##### **5. Individuals and families must be enabled with the minimum resources needed to pursue their stewardship task.**

Evidence for this principle is provided in the division of land in ancient Israel. Each Israelite tribe, clan and family receives a roughly equal portion of land upon the conquest of Canaan (Joshua 14-19), though the widows, Levites, and strangers are not granted explicit ownership. Land is a key resource in agrarian economy, yet it clearly varies in arability and fertility of soil. The families are responsible for the use of these resources (thus undermining the notion of common national resources as God’s will for an economic system, and again implying the need for private property rights).

Consider how the Pentateuch institutionalizes the provisions for enabling stewardship (Schaefer and Noell 2005). The Law of Jubilee secures the return of the land at the end of 50 years to every Israelite family if it has been sold. Beisner is correct in suggesting that “the return of the land to the original family of ownership represented not a redistribution of wealth but the return of collateral upon repayment of a loan” (1988, 65). I would add that it is the return of a key resource needed to maintain that family’s livelihood, so crucial that it could not be lost in perpetuity due to poor harvests and inability to repay one’s debts. We might draw an analogy to the need to ensure the provision of education and the building of human capital, comparable resources in our information-based

economy, for each family as a base line of provision. The details of how such mechanisms might be established today are not spelled out in the Biblical record, but the essential principle of obligation to the less fortunate that is tied to owning property remains.

#### **D. AN ECONOMIC SYSTEM MUST ACCOUNT FOR FALLEN HUMAN NATURE**

There are numerous implications of sin for economic activity. Given the constraints for this paper I will simply identify several of the most significant points.

##### **1. Stewardship can be twisted into the singular pursuit of wealth accumulation.**

Biblical warnings regarding the perils of wealth obviously predate capitalism. For example, the book of Proverbs names the singular pursuit of wealth accumulation as greed, one of the seven deadly sins. Jesus warns of the spiritual hazards of possessions, telling his disciples not to build treasures on earth nor serve Mammon.

In their exegesis of Jesus' teaching on wealth in the Synoptic gospels, the Patristics and Scholastics build a theological case against avarice. It is true that we find some degree of hostility towards wealth and commerce in the early church. Several of the Patristics followed ancient Mediterranean thinking expressed in the notion that since the sum total of humanity's wealth is a fixed amount, a gain by one person must necessarily come at another's expense. Oftentimes this led to a hostility towards the rich, who were seen to gain at the expense of the poor by seizing their land or charging them interest on a loan.

##### **2. Sin can corrupt economic transactions.**

I've touched on the argument that human creativity and free markets tend to flourish in tandem. Entrepreneurial activity allows others to share in that creativity. The responsible entrepreneur must carefully regard the needs of others in creating value. Their self-interest is checked both by competition and conscience. Competition drives reductions in costs and improvements in products made attractive to others. Yet conscience can also constrain competitors, be they employers, workers or investors. Even though we are fallen creatures, sin has not erased the image of God in each of us according to the apostle James (James 3:9).

Nonetheless, economic transactions can involve fraud, deceit or some element of economic coercion. We observe that in the Scriptures, renegeing on loans is condemned (Psalm 37:21); just prices in exchange must occur (Lev.25:14); worker's wages are not to be arbitrarily withheld (Lev.19:13); false weights and balances are not to be utilized for transactions (Deut. 25:13-16). Consider the latter. Through misleading measures of weight, consumers of foodstuffs and other necessities might be overcharged and farmers underpaid for their produce by wholesalers (Noell 2007b, 81). The prophet Amos in the 7<sup>th</sup> century BCE calls out economic injustice in various forms:

Hear this, you who trample on the needy and bring the poor of the land to an end, saying "When will the new moon be over, that we may sell grain? And the

Sabbath, that we may offer wheat for sale, that we may make the ephah small and the shekel great and deal deceitfully with false balances, that we may buy the poor for silver and the needy for a pair of sandals and sell the chaff of the wheat?" (Amos 8:4-6).

Here we have deceit in the diluting of product quality and the use of fraudulent weights. In addition, the purchase of the poor and needy for a pair of sandals refers to the collateral the poor person put up for a loan. Unscrupulous creditors would seize this collateral and take advantage of poor farmers and others indebted to them (Noell 2007b, 85).

As my fellow panelist David Rose (2012) has emphasized, opportunism is a kind of implicit cost that can be associated with market behavior. People are willing to take advantage of each other in both product markets (as illustrated by Amos 8) and labor markets, as when employees mislead employers and shirk. Opportunism occurs most often when there are unclear "rules of the game." Individual citizens and their government take advantage of another person or group by misleading them or limiting their ability to fully bargain or compete. Contracts must be enforced impartially when disputes arise. If they are not, trust, which is a kind of social glue, is eroded. This raises the transactions costs associated with any exchange and leads to the problem of many potentially mutually beneficial transactions not occurring due to a lack of trust.

### **3. Economic life in a fallen world can be characterized by economic participants seeking to gain economic power over others in accumulating property or raising their incomes.**

Often economic power only endures through government backing of those efforts, through regulatory and legislative measures which are sought through rent-seeking activity. This seems to be recognized by the Old Testament prophets. Consider how the prophet Isaiah rebukes the "adding of house to house" or "field to field" (Isaiah 5:8) and how Habakkuk speaks against those "who gain unjustly for their house" (Habakkuk 2:9). Biblical scholars suggest that these actions likely refer to gains obtained by the family of the king along with his political advisors and military leaders who obtained their gains through unjust rulings of kings or judges (Noell 2007b, 85).

Similarly, in first-century Roman Palestine, we find John the Baptist and Jesus each facing economic power wielded over others by those associated with the Roman state. When these parties come to be baptized by John, he requires of the tax collectors "collect no more than you are authorized to do" and says to the Roman soldiers "do not extort money from anyone by threats or by false accusation" (Luke 3:12-14). Similarly Jesus commends Zaccheus the chief tax collector for making a four-fold restitution of those whom he has defrauded (Luke 19:8-9). The notion of a zero-sum economic world which is sometimes alluded to in the New Testament gospels reflects a widespread perception that the wealthy accrued land through favors offered by Herod the tetrarch of Galilee or through collecting taxes in a capricious manner from peasant farmers (Noell 2007a).

#### **4. The problem of limited knowledge is exacerbated by the fall**

Each person has specific knowledge regarding their own skills, resources and opportunity costs. This knowledge is not attainable by government planners. This is most evident in the case of central planning. As Nash puts it, “No one can possibly know enough to manage a complex economy. No one should ever be trusted with this power” (1986, 68). Planning efforts backed by force provide evidence of the most egregious abuse. For example, the prophet Jeremiah condemns the requirement of forced labor levied upon the residents of Israel’s northern Kingdom by their ruler (Jeremiah 22:13-17).

Yet government efforts to regulate markets also demonstrate the lack of specific knowledge in how to best set minimum wage rates, apartment rents, and mandatory standards for health care. Good intentions lead to harmful consequences. The public choice literature is full of examples of the difficulties in a representative democracy of elected officials and regulators achieve minimization of costs and maximization of benefits for the public they are supposed to serve.

Instead of relying on central planners who fall far short of omniscience, the market-based alternative is to have economic decisions made across the entire economic system by countless economic agents who have specialized, particular knowledge relative to their own preferences and the technologies available to them. The prices for products and resources that flow from such decisions face open market competition in a capitalist system. This also acts to disperse power. Nash observes “one of the more effective ways of mitigating the effects of human sin in society is dispersing and decentralizing power” (1986, 68) through free market social arrangements.

#### **E. Scripture makes the treatment of the ‘marginalized ’a critical dimension of an economic system.**

Both the Bible and Christian tradition evaluate any particular form of economic institutional arrangements in light of its treatment of those at the margin of society. In various Biblical passages these persons are sometimes named as ‘the poor and the needy’, and other times spoken of as ‘the widow, orphan, and stranger.’ Scripture stresses God’s compassion for those who are economically destitute in that they cannot provide essential goods for themselves. Mosaic laws requiring gleaning for the poor and interest-free loans reflect this concern. The purpose of the provisions for the poor is to not merely to provide sustenance. Rather, because of the Scripture’s high view of personal economic agency, the goal is “to assist them to begin again to help themselves and so to regain their dignity” (Gay 2014).

Economic compulsion in the form of leveraging an advantage over the poor is condemned consistently by the Scriptures, Patristics, Scholastics, and Protestant Reformers. Often it is associated with creditor/debtor relationships, though lending of funds does not necessarily have to produce this outcome. Most loans were for consumptive (and not investment) purposes to those who need food for their family or seed corn, hence the ban on lending at interest, particularly to the poor (Exodus 22:25).

Those with substantial economic means are encouraged to lend to the poor, for in doing so Proverbs says they are lending to God (Proverbs 19:17).

In the few instances where government action is connected to the poor, it involves addressing economic injustice. Prior to the monarchy in ancient Israel, the poor were to find “justice at the gate” from the elders who ruled the village. Once Israel receives a king, he is said to be responsible to “do justice for the poor” (Psalm 72). This is not specifically a duty to feed and clothe all the poor, but rather to deliver them from economic oppression. Israel’s rulers were to ensure that the poor were rightly treated (Hartropp, 2007, 78-79).

Clearly more could be said about additional Biblical values that have a bearing on capitalism, such as respect for the environment and the dignity and respect to be maintained in employer-employee relations. With the time remaining we will focus on a consideration of the panel theme of how capitalism addresses poverty in light of Christian economic ethics.

### **III. Application of Christian ethics to capitalism: Poverty and economic growth.**

Why is the question of economic growth relevant for a Christian perspective on capitalism? Economic growth matters in evaluating capitalism because growth drives reductions in poverty. Interestingly, Adam Smith, as the great 18<sup>th</sup> century advocate of markets, acknowledges that a key evaluative criterion for any society is how the poor are treated: “No society can be regarded as flourishing and happy, of which the far greater part of the members are poor and miserable” (1981, I. viii. 36). For Smith, what is morally different about a commercial republic from all its predecessors is its ability to avoid such an outcome and instead produce rising living standards for the vast majority of its members. Berman observes that for Smith “it is the ability of markets to improve the material well-being of all sectors of society, and the poor in particular, that gave the new order its moral stature” (Berman, 2006, 65).

The performance of modern market economies tends to confirm Smith’s case.<sup>3</sup> Consider the US case. It’s true that the share of all US income earned by the lowest quintile has fallen slightly since the mid-1970s, so that US income inequality has risen. Nonetheless, the growth in the real earnings of the poorest quintile has been large. On average, members of the lowest quintile had dramatically more real income in 2010 than in 1980. In addition, one can point to the reduction of global poverty that might be broadly attributed to economic globalization. There is particularly strong evidence that growth-driven poverty reduction has occurred in some of the poorest parts of the world in the past three or four decades. One can examine the track record of market reforms in China with respect to lifting the incomes of the poor. China had over 800 million in poverty in the early 1980s when it first opened its economy to foreign investment and created special economic zones of freer entrepreneurship and export creation. It now has less than 400 million people in poverty.

The recent economic performance of both China and India in reducing poverty in consequence of adopting market-based measures provides further evidence for the benefits of economic growth. Consider a baseline “\$1.25 per day” poverty measure, the proportion of a country’s population who consume at this level or below. World Bank figures show that on this basis China’s poverty rate fell from 84 percent in 1981 to 13 percent in 2008, a period that exactly coincides with that nation’s growth-unleashing market-oriented reforms. India’s poverty rate fell slowly in the 1980s; poverty reduction accelerated dramatically after its 1991 economic reforms. Its poverty rate fell from 66 percent in 1978 to 42 percent in 2005 while real GDP grew 5.4 percent per year on average over that period (and at 6.3 percent per year in the reform era after 1991).

Market-oriented reforms spur economic growth, and growth sets in motion changes that invariably increase opportunities for all groups in society, whether or not they are themselves the initial agent of those changes. The explosion of call center services in India, for instance, represented a sharp increase in demand for literate English speakers in India, a relatively high- and medium-skilled category of workers in the Indian economy. But this has set in motion changes that increase demand for low-skilled labor, in construction, food service, and myriad other avenues. For poor countries integrated in world trade, the changes in demand for labor triggered by trade tend to raise demand for low-skilled labor, because poor countries’ comparative advantage products tend initially to be labor intensive. This helps the poor directly. Furthermore, as national income rises, any extra government spending on social services for the poor will directly assist their income generating potential. Health and education spending, in particular, will boost their earnings potential. For all practical purposes, income growth in the nation as a whole is the direct means of poverty reduction in poor countries.

Christian economic ethics place a special focus on the treatment of the poor in any particular economy. The material benefits of growth for poor economies—and poor people—are undeniable. The very low levels of income that remain among developing economies today mean that redistribution would simply result in shared poverty. Growth through market institutions offers the only avenue to sustained improvements in material well-being.

#### **IV. Conclusion**

Christian economic ethics affirm that the material well-being resulting from human creativity, investment, and work should be celebrated, not shunned. The dynamics of capitalist institutions in encouraging entrepreneurial initiative appear to be in accord with Christian values affirming God’s image in humans, their personal stewardship, and responsibility towards the poor. This seems particularly evident when considering the track record of market-based economies with respect to reducing poverty.

There remain reasons why a Christian economist needs to be cautious in evaluating capitalism. Capitalism’s dynamism also creates economic insecurity (Nelson 2012). Joseph Schumpeter (1976) famously speaks of the dynamics of “creative destruction” by which the innovative process destroyed old production methods and products and

replaced them with new methods and products, wiping out industries, jobs and economic livelihoods in the process of creating new industries, jobs and economic livelihoods. Muller applies this perspective well: “over the last few centuries, the spread of capitalism has generated a phenomenal leap in human progress, leading to both previously unimaginable increases in material living standards and the unprecedented cultivation of all kinds of human potential. Capitalism’s intrinsic dynamism, however, produces insecurity with benefits . . .” (2013, 2). The challenge to a Christian economist concerned with those at the margin who suffer in the process of economic change is to balance the need for continuing economic growth with compassionate means to aid those facing involuntary unemployment by being caught in the economic transition. This does not mean finding ways to expand the institutions of the entitlement state and/or enlarging transfer payments, but it does suggest the importance of finding ways the private sector might be encouraged to aid those suffering economically, e.g., rebuilding their human capital through educational and training initiatives.

Historically capitalist institutions have required trust, honesty and credibility to perform well. Economists beginning with Adam Smith (1981) observe that the relationship here is bilateral. The British Industrial Revolution and subsequent capitalist economic growth have facilitated the rise of social trust (Fukuyama 1995) and greater tolerance among differing groups (Mokyr 2009; Friedman 2005). These are additional reasons why capitalism might be evaluated favorably in accord with Christian ethics.

There is then a fairly strong basis for which one may say capitalism is compatible with Christian ethics. At the same time, I’d like to close by reminding us that Christian values call us always to be careful of idolatry. A possible danger for many Western (and some non-Western) Christians is to adopt capitalism as an ‘ism’ and come close to deifying it. We must avoid attaching such significance to capitalism and its wealth-creating abilities that it replaces our sense of God’s omnipotence. Nor should we endorse any particular economic outcome as ‘righteous’, so that it is virtually seen to be beyond question as long as it is the product of free market forces. The institutions of free market capitalism deserved to be lauded only if we reserve the highest praise for our Creator, the ultimate eternal source of all good things.

### *References*

Barber, Benjamin R. (2008). *Consumed: How Markets Corrupt Children, Infantilize Adults, and Swallow Citizens Whole*. New York: W.W. Norton.

Bell, Daniel M. (2012). *The Economy of Desire: Christianity and Capitalism in a*

*Postmodern World*. Grand Rapids, MI: Baker.

Beisner, E. Calvin. (1988). *Prosperity and Poverty: The Compassionate Use of Resources in a World of Scarcity*. Westchester, IL: Crossway Books.

Berman, Sheri. (2006). "Capitalism and Poverty." *World Policy Journal*. 23 (1): 63-69.

Cavanaugh, William. (2008). *Being Consumed: Economics and Christian Desire*. Grand Rapids, MI: Eerdmans.

De Soto, Hernando (2004). "Law and Property Outside the West: A Few New Ideas About Fighting Poverty." In *The Road to Prosperity: The 21st Century Approach to Economic Development*. ed. Marc A. Miles. Washington, D.C.: Heritage Books.

Finn, Daniel K. (2013). *Christian Economic Ethics: History and Implications*. Minneapolis, MN: Fortress Press.

Friedman, Benjamin. (2005). *The Moral Consequences of Economic Growth*. New York: Knopf.

Fukuyama, Francis. (1995). *Trust: The Social Virtues and the Creation of Prosperity*. New York: Free Press.

Gay, Craig M. (2014, forthcoming). "Poverty." in *The Oxford Handbook of Christianity and Economics*. Paul Oslington, ed. New York: Oxford University Press.

Hartropp, Andrew (2007). *What is Economic Justice? Biblical and Secular Perspectives Contrasted*. Eugene, OR: Wipf and Stock.

Hill, Austin, and Rae, Scott. (2010). *The Virtues of Capitalism: A Moral Case for Free Markets*. Chicago: Northfield.

Hill, P.J. (2003) "Creating and Distributing Wealth: Whose Responsibility?" in *Wealth, Poverty, & Human Destiny*. Doug Bandow and David L. Schindler, eds. Wilmington, DE: ISI Books.

Mokyr, Joel. (2010). *The Enlightened Economy: An Economic History of Britain 1700-1850*. New Haven, CT: Yale University Press.

Muller, Jerry Z. (2002). *The Mind and the Market: Capitalism in Modern European Thought*. New York: Alfred A. Knopf.

- Nash, Ronald. (1986). *Poverty and Wealth: The Christian Debate Over Capitalism*. Westchester, IL: Crossway Books.
- Nelson, Richard R. (2012). "Capitalism as a Mixed Economic System." In *The Oxford Handbook of Capitalism*. pp.277-298. ed. Dennis C. Mueller. New York: Oxford University Press.
- Noell, Edd (2007a). "A 'Marketless World'? An Examination of Wealth and Exchange in the Gospels and First-Century Palestine." *Journal of Markets & Morality*. 10 (1): 85-114.
- \_\_\_\_\_. (2007b). "Exchange and Property Rights in the Light of Biblical Values." *Journal of Private Enterprise*. 22 (2): 71-94.
- \_\_\_\_\_, Smith, Stephen, and Webb, Bruce. (2013). *Economic Growth: Unleashing the Potential of Human Flourishing*. Washington, D.C.: American Enterprise Institute.
- Rose, David C. (2012). *The Moral Basis of Economic Behavior*.
- Schaefer, Kurt C. and Noell, Edd S. (2005). "Contract Theory, Distributive Justice, and the Hebrew Sabbatical." *Faith and Economics*. 45: 1-19.
- Schumpeter, Joseph. 1976.[1942] *Capitalism, Socialism and Democracy*.
- Sirico, Robert. (2012). *Defending the Free Market: The Moral Case for a Free Economy*. Washington, D.C.: Regnery.
- Smith, Adam. (1981) [1776]. *An Inquiry Into the Nature and Causes of the Wealth of Nations*. Indianapolis: Liberty Classics.
- Van Til, Kent A. (2007). *Less Than Two Dollars a Day: A Christian View of World Poverty and the Free Market*. Grand Rapids, MI: Eerdmans.
- Wallis, Jim. (2010). *Rediscovering Values: On Wall Street, Main Street, and Your Street—A Moral Compass for the New Economy*. New York: Simon & Schuster.

---

<sup>1</sup> I want to thank the Anita Folsom and the Free Market Forum for this opportunity to address the subject of capitalism and Christian ethics. My thanks also to the Council for Christian Colleges & Universities for financial support through a grant for a portion of the research work for this project. Comments on an earlier draft from my colleagues Paul Morgan (Westmont College) and Stephen L.S. Smith (Gordon College) are appreciated. The usual disclaimer applies.

<sup>2</sup> One thinks here of the Proverbs 31 woman. She buys a field, and further invests her earnings in planting a vineyard. She also opens her arms to the poor and extends her hands to the needy (Proverbs 31:20).

<sup>3</sup> The remainder of this section draws on material presented in Noell, Smith and Webb (2013).