Money, Greed, and God

Why Capitalism Is the Solution and Not the Problem

Jay W. Richards

HarperOne
An Imprint of HarperCollinsPublishers

Six

Hasn't Christianity Always Opposed Capitalism?

I still remember my first experience with banking. I was in fifth grade and had saved up $100 from collecting soda bottles (which fetched five cents apiece). My dad took me out of school to have lunch and start a savings account at First National Bank of Amarillo. (Getting out of school probably etched the experience in my memory.) I learned that by depositing the $100 in a savings account paying 6 percent interest, and then letting it sit, I would have $106 by the end of the year. If I let the whole $106 sit for another year, my stash would then be worth $112.36 rather than just $112. That's because of compounded interest. In the second year, I would be gaining interest not just on the original $100, but on $106. If I let that sit another year, the stash would be worth $119.10, and so on until I was millionaire. Or until I needed a new bike—which, of course, came much sooner.

Later, I learned that my dad had simplified the story a bit. My savings was compounding more frequently than once a year. That meant the original money, and the interest on the interest, grew even more quickly than I realized. I knew nothing else about banking, so it seemed like magic: you put some money in, let it sit, get some more, and then get more of the more. Even at a modest 6 percent interest, a kid who invested $100 at the age of ten could have $3,200 sixty years later, just from that initial $100 investment.

Since the arrangement worked out in my favor, I didn't ask skeptical questions. But it's really strange when you think about it. If the same kid took up lawn mowing, socked $4,000 away in a corporate bond fund, and averaged 7.2 percent a year over a period of sixty years, he could have $256,000 at the end of those sixty years. If he managed 10 percent interest a year, at the end of fifty-eight years he'd have a million dollars. Something weird is going on here.

Even Einstein once said that compound interest is one of the greatest mysteries in the universe. And yet, like the water a fish swims in, we rarely notice it or the other effects of modern finance all around us. We put our money in banks, charge our groceries on credit or debit cards, write checks, use PayPal to buy stuff online, and take out fixed-rate mortgages on our home. We buy stocks and bonds, and set aside part of our paychecks for IRAs, 401(k)s, and pension plans. Each of these acts involves, in one way or another, charging or receiving interest on money.

Few of us lie awake at night worrying that we're going to hell because of it. Yes, we know that it's bad to acquire too much consumer debt. You don't want to pay Visa 20 percent interest just so you can get the newest PlayStation, Jet Ski, or half-price liposuction. But buying and selling money *by itself* doesn't trouble most of us. And yet for centuries all the greatest Christian theologians and philosophers believed that charging interest on money was an egregious sin—called usury.

WHAT'S WRONG WITH SELLING MONEY?

Although some groups of Christians have exalted poverty as an end in itself, overall, Christianity has never had a problem with business investments or even with making a profit. For a long time, though, Christianity did object to charging interest on money—that is, to making a profit on a money loan. According to the most learned churchmen, if you tried to "sell" money, you were committing usury. This was the unanimous view of the Christian world throughout the Middle Ages. Dante, in his *Divine Comedy* (written between 1308 and 1321), put usurers in the seventh ring of hell along with blasphemers and sodomites! He saw usury as a serious sin—a type of fraud motivated by greed.[1] But why?

Well, first of all, the Bible seems to say so. In Exodus, shortly after God delivers the Hebrews from slavery in Egypt, he gives

Moses a list of commands to deliver to his people. The Ten Commandments lead the list, but a series of many other "ordinances" follow in their train. They prescribe the death penalty for serious crimes like murder, kidnapping, and bestiality and require just compensation for lesser offenses like letting your ox graze on someone else's land. They also prohibit charging interest on money.

Following the command not to oppress resident aliens ("for you were aliens in the land of Egypt"), God says: "If you lend money to my people, to the poor among you, you shall not deal with them as a creditor; you shall not exact interest from them" (Exod. 22:25). It's the same story in Leviticus, when God is describing the rules that should apply when he brings the Hebrews into the Promised Land:

> If any of your kind fall into difficulty and become dependent on you, you shall support them; they shall live with you as though resident aliens. Do not take interest in advance or otherwise make a profit from them, but fear your God; let them live with you. You shall not lend them your money at interest taken in advance, or provide them food at a profit. (Lev. 25:35–37)

Of course, these commands apply to Jews lending to other Jews. Deuteronomy allows Jews to charge interest to foreigners:

> You shall not charge interest on loans to another Israelite, interest on money, interest on provisions, interest on anything that is lent. On loans to a foreigner you may charge interest, but on loans to another Israelite you may not charge interest, so that the LORD your god may bless you in all your undertakings in the land that you are about to enter and possess. (Deut. 23:19–20)

But the Old Testament still treats the whole business as unsavory. Pithy Psalm 15 asks: "O LORD, who may abide in your tent? / Who may dwell on your holy hill?" The answer:

> Those who walk blamelessly, and do what is right,
> And speak the truth with their tongue . . .
> Who do not lend money at interest,
> and do not take a bribe against the innocent. (Ps. 15:1, 5)

Though the New Testament says little about charging interest, Jesus admonishes believers: "If you lend to those from whom you hope to receive, what credit is that to you? Even sinners lend to sinners to receive as much again. But love your enemies, do good, and lend, expecting nothing in return" (Luke 6:34–35). Not exactly something you'd inscribe in granite over the entrance to the Bank of America building.

In addition, the Bible and especially the Gospels are chock-full of warnings about the dangers of money. At one point, Jesus even drove money changers out of the temple with a whip of cords, along with "people selling cattle, sheep, and doves" (John 2:13–16). And Paul warned Timothy: "The love of money is the root of all evil" (1 Tim. 6:10).

Christian scholars in the early and medieval church quoted these Bible passages in almost every discussion about usury. But they didn't just read the Bible. They were also immersed in Roman and Greek thought, which looked askance at charging interest for money. All the classical bigwigs—including Greeks like Plato and Aristotle (who influenced Christian theology in the Middle Ages) and Romans like Cato, Cicero, and Seneca—condemned usury.

The prohibition on usury wasn't limited to the Western world, either. Buddha condemned it in the East, as did Muhammad in the Middle East. In fact, Islam still follows Muhammad in condemning interest. So even though interest charging and primitive banking occurred, a pall of vice still hung over the practice. We shouldn't be surprised that Christian scholars, too, thought that charging interest on money was immoral.

While the Scholastics took biblical prohibitions for granted, they sought to defend God's revealed law with rational argument. No Scholastic worth his salt would settle for "The Bible says it. I believe it. That settles it" unless he couldn't think of any

arguments. They trusted God's wisdom. As a result, they asked the next logical question: "Why did God command this? What was the good reason for the prohibition?" And Scholastics could always think of some explanation, even if it wasn't a very good one. All the Scholastics agreed that charging interest was wrong, but they disagreed on why it was wrong.

Early on, Pope Leo the Great (who served from 440 to 461) forbade clerics from taking usury and declared that laymen who did so were seeking shameful gain. This reflected the general view at the time, which was that usury was uncharitable or greedy. As trade and commerce grew, however, so did scholarly thinking on usury. Twists and turns abound over the centuries, but by 1187, the basic contours of the medieval view of usury were in place:

> (1) Usury is whatever is demanded in return in a loan beyond the loaned good itself; (2) the taking of usury is a sin prohibited by the Old and New Testaments; (3) the very hope of a return beyond the good itself is sinful; (4) usuries must be restored in full to their true owner; (5) higher prices for credit sales are implicit usury.[2]

I confess that I found all this business bewildering, so I decided to read John T. Noonan's definitive study, *The Scholastic Analysis of Usury,* published by Harvard University Press in 1957. It's not for the faint of heart. Nuances and hairsplitting fill the Scholastic literature on usury. Subtleties often hinge on the difference between Latin terms like *mutuum*, *census*, and *lucrum cessans*. But the book convinced me that the ban on usury wasn't a thoughtless residue of a worn-out tradition or the uncritical application of a few Bible passages taken out of context.

BEHIND THE SCENES

To understand the long debate over usury, we have to keep in mind the historical context and the unstated beliefs. Economically, ancient and medieval Europeans were not all that different from ancient Israelites. They weren't trapped in the Stone Age: both used money rather than bartering. But most people still farmed the land—indeed, subsisted on the land, sometimes just barely. Some people fished, worked at crafts like carpentry, and traded basic goods in open markets in cities, but most people lived on land outside city walls. Almost everyone lived and traded only within their extended families and tribes. So the way they interacted was more informal and reciprocal, as befits a family, and less shaped by market forces.[3] Economic growth, such as there was, crept along so slowly you could hardly see it.

By modern standards, almost everyone was dirt-poor. Only the rich, a tiny minority, had any money to lend. Any money lending, then, would involve rich people lending to their poor neighbors, probably their kin, for a basic need like food.

The early Christian world, like the Roman world before it, tended to see money as sterile, functioning only as a means of exchange and without value in itself. And at the time, it largely was. People hid extra money. So while a person might be entitled to have his money returned to him, it seemed uncharitable to charge a poor person for temporarily using money that would otherwise just be collecting dust. After all, money doesn't really wear out like clothing or a house. If somebody wears your clothes for a year, you can't get your original clothes back. So you can rightly charge rent for your clothes. Since money is a unit of exchange, however, an *amount* of money can be repaid exactly (even if the debt is repaid with different coins). Charging for the monetary units would be like charging for inches or minutes. And charging huge interest rates that couldn't be repaid would add insult to injury, since it would exploit a person's bad fortune and ignorance. Thus, given the historical context and the belief that money was sterile, the ban on usury made a lot of sense.

Around the twelfth century, however, trade began expanding between cities and territories throughout Europe, leading to a greater division of labor and higher productivity. This created several problems: First, growth in trade will lead to a shortage of

gold and silver coins—the common form of currency. After all, there's just so much of the stuff to go around. Second, it's hard to make large exchanges over hundreds or thousands of miles when money is in the form of heavy gold and silver coins that can be easily stolen or lost in a shipwreck. Finally, the different coins used in Bruges, Milan, and Rome were often reminted and debased with less-valuable metals, so the ordinary person could easily get ripped off by unscrupulous merchants or kings.

Out of these necessities, the bank as we know it was invented.[4] The despised job of the money changer was crucial here, since money changers knew how to compare florins, guilders, and pounds, and to separate them from the fakes. Money changers eventually began keeping deposits for various clients, so that when two clients made an exchange, all the money changer had to do was credit one account and subtract from the other. Simple arithmetic had replaced a risky and cumbersome movement of coins.

Eventually banks emerged with branches in different cities. This gave merchants a way to transfer payment safely over large distances, since banknotes stood in for the money stored safely in a bank vault. Sophisticated banks of this kind first appeared in the city-states of northern Italy and spread from there to Flanders (modern-day Belgium and the Netherlands) and England. By the fourteenth century, there were some 173 major banks in cities such as Florence, Pisa, Genoa, Lucca, Venice, and Milan.[5]

Sociologist Rodney Stark explains the next step:

> Local bankers began to credit and debit from the accounts of one another's depositors—as with modern checking accounts. . . . When such a transfer was made over a considerable distance, it involved a *bill of exchange*—a notarized document authorizing payment to a specific individual or firm. To settle payment for wool cloth shipped from Bruges [in Belgium] to Genoa [in Italy], for example, a bill of exchange was sent to a bank in Bruges from a bank in Genoa, whereupon the Bruges bank credited the account of the woolen firm and entered this in its books as a credit held

> against the Genoese bank. Being merely a sheet of paper and of no value except to the bank in Bruges, the bill of exchange could be rapidly and safely transported.[6]

The process became so common that not only merchants, but governments and even the pope, used banknotes to pay bills. In fact, some banks had such large deposits that they could lend money to kings. What was fit for a king was soon fit for the commoner. Individuals and firms with extra money began entrusting banks with their money, which they would withdraw as needed. This could happen only once people were convinced that their money was safer in a bank than hidden in a mattress or a hole in the ground. So banking grew only as bonds of trust grew beyond family and ethnic lines to connect larger and larger groups of people.

Eventually, banks realized that, if they had enough depositors, they didn't need to keep all their deposits on hand to meet the day-to-day demand from depositors. They could lend some of it out, not literally by handing out coins, but by circulating more banknotes than they held in reserves as coins and precious metals. They were issuing credit, and over time, all sorts of credit forms developed, for purchasing land, equipment, and other forms of capital.

If you're following closely, you'll notice that somewhere along the way, the world changed, at least in Europe. Society went from poorer, smaller, somewhat isolated kin-based communities to larger, more diversified trade economies, where more people and places could focus on their "competitive advantages," on doing what they were the most competitive at doing. Money started as a store of value and a unit of exchange to overcome the coarseness of barter. Trade and division of labor increased the total amount of wealth, leading to a surplus of money far beyond the hoards of thieves and tyrants.

Banks then started as a place to hold money securely and to allow individuals, organizations, and governments to make accurate and safe exchanges over large distances. Popes, kings, and wool merchants could pay their bills at a distance without worrying about thieves in the high mountain passes stealing their bags of gold. Banks did this by *representing* money with math and paper. Over time, more and more people trusted banks to serve these functions, so they deposited their money in banks rather than hoarding it. Banks began using their cash reserves to issue credit. In doing this, they were basically creating more money (not just printing bills, which is a different thing). That credit was used to start and support new enterprises. The surplus money of a few was no longer hoarded and unproductive, but set free for others to use creatively. Banks were using accumulated wealth to create more wealth by functioning as brokers between depositors and investors.[7] They were making "more of the goods of the world available to all."[8] Without anyone really intending it, money had been transformed—sublimated. It was clearly not sterile, but *fertile*.

In the 1300s, insurance also was invented. This allowed investors who used ships to transport their goods to spread out the risk of a shipwreck. Everyone paid a little bit up front, just in case disaster struck. If the ship with its cargo went down, the insurer would pay out the benefit. The sharing of risk prevented any one investor from suffering catastrophic loss. This, in turn, attracted more investors into the business of international trade. Between banking and insurance, the buying and selling of risk allowed many new ventures and enterprises to be created.

Of course, banks and insurers charged for their services. They were assuming risk, and so, quite rightly, they needed to charge something to offset the risk. Banks also paid interest to depositors, who assumed some risk by depositing their money in a lending bank. The complicated math needed to keep track of interest encouraged bookkeepers (and eventually everyone) to switch from cumbersome Roman numerals to the infinitely versatile Hindu-Arabic numerals that we now use. Banks had become far more than places to store money. Banking had become a highly symbolic enterprise. This might have seemed less obvious when most money was a commodity like gold or silver. It's easier to see today when a single small piece of paper, whose ingredients are worth next to nothing, can nevertheless represent ten thousand dollars. With such strange objects floating around our economy, it should be crystal clear: over time, finance and banking become more and more representational—and immaterial.

But these ethereal signs and numbers shape the real world. In the Middle Ages, the presence of banks transformed even ordinary loans between individuals. Money came to have what economists call a "time value." As long as it outpaces inflation, money in an interest-bearing account becomes more valuable over time. So if I lend my neighbor money that I could put in a savings account or a 401(k), bearing interest, I'm not just risking the money. I'm forgoing other opportunities to make more money.

Notice what happened: In many cases, charging interest for money was no longer a rich man lending his poor kinsman a few unproductive coins to buy food. There were *capital loans* available from banks. Unlike the invention of the car, the lightbulb, and the cotton gin, the event got no press. In fact, it took centuries for society to fully realize its significance. Many of us still don't get it.

At some point, though, the old ban on usury started to stick out like a sore thumb. It slowly dawned on people that money lent for capital was different from money lent to a poor neighbor out of need. When banks charge interest on a loan or insurers charge for coverage, they're charging for something. By lending the money, for instance, the bank is forgoing other opportunities to use the money, and it's taking a risk in lending the money in the first place.

In their careful reflections on usury, the Scholastics had anticipated some of these developments. But it still took centuries of disputes for scholars to work out the details and to clearly distinguish ordinary banking from usury. After the Reformation, some Reformers, such as John Calvin, were quick to modify the ancient ban on interest.[9] And Catholic scholars eventually did so as well.

The church didn't decide that usury was OK, however. Rather, it became much more precise in defining usury. Usury isn't charging interest on a loan to offset the risk of the loan and the cost of forgoing other uses for the money; it's unjustly charging someone for a loan by exploiting them when they're in dire straits.[10] That's the work of loan sharks, not banks.

Most Christians now distinguish loan-sharking from ordinary banking. A few still don't; they believe the usury myth.

Myth no. 6: The Usury Myth (believing that working with money is inherently immoral or that charging interest on money is always exploitive)

This myth is much less common than the others we've discussed. Still, it shows up behind the scenes. Just think of the way stockbrokers and bankers are portrayed. When I think of a generic banker, I still picture the skinflint bankers in *Mary Poppins*, with the stiff white collars and black suits, and the bitter Mr. Potter in *It's a Wonderful Life*. No one complains about such stereotypes. And such stereotypes aren't confined to the media. They're just as common from religious leaders. A feminist Web site (Sunshine for Women) recently featured a sermon called "What Would Jesus Do." It started with a list of things Jesus would *not* do. We're told that Jesus would not wear Gucci or own a Fortune 500 company. We're also told:

> Jesus Would NOT be a Wall Street trader, a banker for a large national or international banking conglomerate, or participate in the World Bank or the International Monetary Fund (IMF).[11]

If this doesn't strike you as strange, substitute "doctor" or "tailor" or "candlestick maker." Officially, the usury myth may have died, but it lingers on as the vague prejudice against people who work with money.

THE BIRTH OF CAPITALISM

Although few people now view usury as Christian scholars did in the Middle Ages, many people—believers and unbelievers, critics and fans of capitalism—think the long ban on interest shows that Christianity was opposed to capitalism and hindered it from emerging. As a result, they think capitalism is the creation of the secular modern age.

There's just one problem with this historical gloss: it's wrong. For a thousand years, practically everyone everywhere thought charging interest on money was immoral. And bans on interest still hold sway in some parts of the world. What's interesting about the Christian West is not that it once condemned all charging of interest, but that it eventually learned to make careful distinctions and develop vibrant, wealth-creating capitalist economies with sophisticated banking systems. John T. Noonan, in his distinguished study of usury, argues that, despite appearances, the usury debate actually gave rise to modern banking and economics by giving the West unique insights into the nature of money and commerce: "The scholastic theory of usury is an embryonic theory of economics. Indeed it is the first attempt at a science of economics known to the West."[12] So if anything, the tedious debate over usury gave the West a head start in developing capitalist economies.

In fact, many have argued that Christianity helped give birth to capitalism. The most famous argument along these lines is Max Weber's book *The Protestant Ethic and the Spirit of Capitalism.*[13] Weber, a German sociologist, argued that capitalism grew out of the Puritan strain of Calvinism. (We get the phrase "Protestant work ethic" from Weber.)

His basic argument goes like this: Calvinism teaches predestination, which means that if you're a member of the elect, you can't lose your salvation. You're saved not through any work on your part, but because God has decided that you'll get in. So you'd think Calvinists would rest secure in their salvation, unlike Catholics, who can say only that they hope they're saved. But the doctrine of predestination doesn't tell you if *you're* one of the elect, since Calvinism teaches double predestination: the elect are predestined to salvation, the reprobate to damnation. Worse, according to Calvin, some people think they're elect when they're really reprobate. Bummer.

Weber argued that this dilemma caused Calvinists to seek visible signs to verify that they were, in fact, elect. Calvinists, especially Puritans, came to see economic success as just such a sign. Much more than other Christians, they affirmed worldly professions as every bit as much a part of God's calling as the pastoral ministry. Just as God might call a missionary to go to Papua New Guinea, he might call an entrepreneur to build textile mills. Both the missionary and the entrepreneur, in the Calvinist view, were pursuing God's sacred calling for their lives.

This belief made Calvinists enthusiastic and successful businesspeople. But it didn't create conspicuous displays of wealth, since Calvinism encouraged frugality and investment rather than instant gratification and luxury. Calvinists tended to reinvest their wealth rather than sinking it into grandiose palaces and fine banquets. According to Weber, this paradoxical mix created the unique "spirit of capitalism."

Weber is important for several reasons. He resisted the intellectual fashions at the time, which tended to ignore the influence of ideas, especially religious ideas, on culture and society. He was discerning enough not to mistake capitalism for simple greed. Greed is universal, but capitalism is not. He understood that mere greed leads to theft or instant gratification, not capitalism. A thriving capitalist economy needs entrepreneurs who will save, risk, invest, and hope in the future, not clutch their hoard like Ebenezer Scrooge. And he was certainly correct that capitalism and Protestantism have often prospered in the same places, especially in the English-speaking world.

Nevertheless, scholars were quick to criticize his argument. Religious scholars pointed out that his understanding of Puritanism was idiosyncratic, and seemed to reflect his experience with his religious father rather than with any careful study of Calvin or Calvinism. In fact, his book contains precious few references to back up his argument.

But the most obvious problem with Weber's thesis is historical: capitalism can't come exclusively from Calvinism for the simple reason that thriving capitalism appeared in Europe centuries before Calvin. Remember banks. A stable banking system encourages thrift and savings over instant gratification and consumption—one of the basic requirements for capitalism. But banks didn't spring up out of nowhere in Calvin's Geneva. They showed up some two hundred years earlier in the Catholic city-states of northern Italy.

Weber should have located the sources of capitalism not in Calvinism alone, but in Christianity more broadly. A contemporary sociologist, Rodney Stark, has done just that. In *The Victory of Reason: How Christianity Led to Freedom, Capitalism, and Western Success,* Stark argues (like Weber, against current fashion) that a society's beliefs, far more than its real estate, shape its destiny. That claim alone is controversial; but Stark doesn't stop there. He bucks a second trend, arguing that we in the West owe our political and economic freedoms to Christian ideas: "The success of the West," Stark argues, "including the rise of science, rested entirely on religious foundations, and the people who brought it about were devout Christians."[14]

This contradicts the received wisdom, which considers Christianity the benighted enemy of freedom and progress. Even the words we use to describe various historical periods betray an anti-Christian stereotype. There were the Dark Ages, after enlightened Rome collapsed and the church darkened the minds and imaginations of Europe. Then came the Middle Ages, when things got a little better but were mainly just a way station on the path to some other age that really mattered; and finally, we reached the Renaissance (from an Old French word meaning "rebirth") and the Enlightenment, when sweet reason supposedly broke free from the shackles of faith to give us human rights, freedom, and prosperity.

Weber partially resisted this stereotype, but only partially. Weber's thesis was, in a sense, just an interesting twist on the prevailing opinion, since his argument was strongly anti-Catholic.[15] Though officially the cartoonish, anti-Christian version of how the West arose has been out of favor with professional historians for some time, it still clouds our perceptions and our language, much as Freudianism does. Even skeptics of Freud, for instance, still find it difficult to avoid referring to the superego, the subconscious, and oral fixations. Similarly, historians still find it hard to describe the West without blaming Christianity for everything from slavery to monarchs.

Stark does not just tweak but flatly challenges this official story in almost all of its particulars. He focuses not on Christianity generically, but on the way in which Christianity nurtured faith in reason and progress. "The rise of the West," Stark argues, "was based on four primary victories of reason":

1. Faith in progress within Christian theology
2. The way that faith in progress translated into technical and organizational innovations, many of them fostered by monastic estates
3. The way reason informed both political philosophy and practice to the extent that responsive states, sustaining a substantial degree of personal freedom, appeared in medieval Europe
4. The application of reason to commerce, resulting in the development of capitalism within the safe havens provided by responsive states[16]

Stark especially identifies the development of systematic theology, "formal reasoning about God," in Christianity. He argues that such intellectual exercises were not trivial, but eventually led to tangible social progress.

To defend his thesis Stark spends much of his time describing the profound cultural and technological innovations that emerged in the so-called Dark Ages. Despite centuries of bad climate, during this time improved water mills, windmills, horse collars and horseshoes, wheeled plows, chimneys, eyeglasses, clocks, stirrups, the magnetic compass, and many other inventions sprang up. Similarly, education and capitalism emerged not with the Reformation or the Enlightenment, but in medieval monasteries. And, as we've already seen, finance and banking emerged in northern Italy's city-states centuries before Luther nailed his ninety-five theses to the Wittenberg door.

Woolen cloth first brought capitalism to northern Europe; and capitalism continued to prosper there after it was repressed by despots in southern Europe. At this point, Protestantism enters the story. Since much of the north became Protestant, however, it was easy for historians to associate capitalism with Protestantism, and anticapitalism with Catholicism. Stark explains why the colonies of the New World had such different fates. It wasn't merely that Spain was Catholic and England was Protestant. The significant difference, he argues, was between the Spanish and British colonial outlook. Spain was given to despotism, while Britain was, by comparison, much more liberal. Therefore, these powers built profoundly different empires. "The British colonies were founded on production," Stark writes, "the Spanish colonies on extraction." Such extraction propped up the Spanish dynasty for a while, but it failed to create wealth. So, not surprisingly, it eventually failed, and it left the Spanish colonies in political and economic disarray. The former British colonies, in contrast, have largely succeeded.

Stark probably focuses too much on reason. Other Judeo-Christian themes clearly contributed to capitalism as well. Here are just a few:

- The idea that God's creation is good, even if marred by sin
- The idea that private property is right and proper, not a material evil
- The Christian moral code as a whole
- An optimism about the future tempered by the doctrine of original sin—which together encouraged hard work, investment, innovation, limited government, checks and balances, and a distrust of utopian schemes

And yet, despite Stark's focusing too narrowly on reason, his wider point seems right: contrary to stereotype, Christianity provided the prerequisites for a vibrant capitalism.

Armed with solid statistics, Stark also argues that nations that protect property rights, individual freedom, and freedom of religion—like the United States—actually *encourage* religiosity more than do those countries—like much of Europe—that have state churches and less regard for private property and individual rights.[17] So much for the claim that capitalism inevitably gives rise to secularism. Secularism is a problem in the United States, of course, but a free economy is not its cause.

WHAT DOES THE BIBLE REALLY SAY ABOUT USURY?

So we have good historical reasons for seeing Christianity as an important source for capitalism. But we're not out of the woods yet. Doesn't the Bible still prohibit charging interest for a money loan, regardless of what those clever medieval monks tried to claim to the contrary? You might think so. But let's look more carefully.

Two months after I graduated from college, I began an intensive course in biblical Greek at Asbury Seminary. Asbury is an evangelical seminary that grew out of the Wesleyan holiness tradition. The student body roughly reflected that tradition. Many of my fellow seminarians had attended Bible colleges that treated the Bible as the Word of God. They knew the Bible backward and forward. Unfortunately, some of them had memorized isolated texts without knowing the wider context of the passages within the particular book, or within the Bible as a whole. And very few had considered the original context in which those books were written. As a result, they often had memorized precise sentences but not precise meanings. Without intending to, they treated the Bible not as the unified Word of God, but as a collection of free-floating aphorisms, cut off from time, space, and history, like *Bartlett's Familiar Quotations*.

To help students overcome this bad habit, our professor, Bob Lyons, would frequently tell us, exaggerating for effect: "Context is everything." Take the word *no*, for example. If the lady at the ice-cream place asks me if I would like blue Superman ice cream, I'll say no. If a co-worker—*any* co-worker—asks me, "Do these jeans make me look fat?" I'll say no. But *no* in these two situations means different things. In the first case, it means: "No, I don't want Superman ice cream." In the second case, it means: "No, those jeans don't make you look fat"—or to the suspicious questioner, it probably means, "No, I'm not required to give you an honest answer." So the meaning of even a common word like *no* depends on the context it's used in. The same can be true of whole sentences. If a polite boy tells his teacher, "No, ma'am," when asked if he needs a drink of water, it means one thing. If a guy on the basketball court tells another guy, "No, ma'am," after swatting away his shot, it means something completely different.

The same thing is true with Scripture. The meaning of the words and sentences hinges on their historical and literary context—that is, when and for whom they were written, and in what genre. To take an obvious example, let's say you know nothing about the Bible, and I tell you: "The Bible says in Psalm 14: 'There is no God.'" I'm telling you the truth—sort of. The Bible really does have a verse with the words "There is no God." But what you would think I'm saying, and what I would be implying, is that the Bible teaches that there is no God, even though the Bible does no such thing. You'd realize this the second you looked at the context of those words in Psalm 14:

> Fools say in their hearts, "There is no God."

All you'd need is four extra words to know you'd been snookered. The Bible doesn't claim that there is no God. It says that *fools* say there is no God.

This is an easy example. But the same lesson holds true for any biblical passage. You can't treat isolated biblical passages as if they were private little notes written just for you in your situation. Every passage is a part of a larger text, written at a specific time and place, and for a specific audience. When we read Paul's letters, for instance, we're reading mail from the first

century. That doesn't mean we can explain away Paul's letters as historical artifacts. They're the inspired word of God. But it does mean that if we want to know their universal meaning—how they apply to us—we first have to figure out what they meant originally.

Sometimes this is pretty easy, once you think to do it. For instance, Paul and Peter both advise women not to wear braided hair or gold in church (1 Tim. 2:9–10; 1 Pet. 3:3–4). You might think that means that an American woman who wears braided hair in church in 2008 is disobeying Paul's advice. But think of the context. Paul is advising Timothy, a pastor of a church in first-century Ephesus. In that setting, apparently, wearing gold and braided hair were considered to be immodest. Wealthy women could spend hours having their hair elaborately braided and interlaced with gold jewelry. It was a way for them to show off their wealth.

In twenty-first-century America, braided hair is a simple, modest way to put your hair up, and gold jewelry is as common as bad grammar. So wearing gold and braiding your hair meant one thing in first-century Ephesus and means quite another in modern-day Yazoo, Mississippi. Paul wasn't pronouncing an eternal law against Christian women braiding their hair.

Now consider the biblical texts that prohibit charging for money. The Old Testament passages were all written when the Israelites had a static, agrarian, seminomadic society. In other words, they were written when not much new wealth was being created beyond what could be coaxed from the fields, and were written to people who didn't have much surplus money. The capital loan that rose to prominence in the Middle Ages is nowhere in sight. These passages are referring to rich Israelites lending money to their poor kinsmen for basic necessities. The Leviticus passage mentioned earlier makes this clear:

> If any of your kind fall into difficulty and become dependent on you, you shall support them; they shall live with you as though resident aliens. Do not take interest in advance or otherwise make a profit from them, but fear your

> God; let them live with you. You shall not lend them your money at interest taken in advance, or provide them food at a profit. (Lev. 25:35–37)

Also, notice that this is describing how members of the faith community were to treat *each other* (as well as resident aliens). For some unstated reasons, Deuteronomy allows Israelites to charge interest for money lent to non-Israelites. So neither text is setting up a universal law against charging interest.

OK, but didn't Jesus up the ante? In a long sermon recorded in Luke, Jesus said: "If you lend to those from whom you hope to receive, what credit is that to you? Even sinners lend to sinners to receive as much again. But love your enemies, do good, and lend, expecting nothing in return" (Luke 6:34–35). Read in isolation, this passage might lead you to think Jesus is prohibiting the charging of interest. But if you read the entire passage carefully (in light of its historical setting), you see that something else is going on.

In the first part of this sermon, Jesus has given his famous beatitudes, such as "Blessed are you who are poor" and "Woe to you who are laughing now, for you will mourn and weep." Then, in addressing "you that listen," he says, among other things: "If anyone takes away your coat do not withhold even your shirt." Does Jesus mean we should hope for everyone to be poor, so that they can be blessed? Is he telling us not to laugh? Are merchants disobeying Jesus if they sell shirts and coats? Is Jesus forbidding society to enforce laws against theft? Not likely. The sermon is deliberately provocative and hyperbolic—a common rhetorical device in first-century Judaism. If you miss that, you'll miss the point.

There's a lot going on in this sermon, but Jesus seems to be reversing the popular belief that if you're poor, it's because God has cursed you for disobeying him, and that if you're rich, it's because God has blessed you for obeying him. Here and elsewhere, Jesus corrects that wrongheaded idea. He's also saying that if we're his followers, we should go far beyond the usual standards of generosity and forgiveness, even to the point of loving our enemies rather than hating them.

Now look again at what Jesus says about lending money. Jesus says that even sinners lend money, expecting to receive back the *same* amount. He says nothing about charging interest. Instead, he says we should lend *expecting nothing in return*. So he's admonishing gratuitous generosity, not denouncing banks for charging interest on business loans. Jesus's command not to expect repayment is no more a reproof of modern banking practices than his command to give someone the shirt off your back is a condemnation of clothing merchants who sell shirts.

Now look again at the other passages. When Jesus drives the money changers out of the Temple (John 2:13–22), he also drives out everyone selling sheep, cattle, and doves. He wasn't denouncing commerce or money changing in general, but protesting the misuse of a house of worship.[18] He may also have been protesting collusion between these merchants and the political authorities, who gave the merchants a monopoly.[19] If so, their commerce was unjust, no matter where it was located.

In his Sermon on the Mount, Jesus told his disciples: "Do not store up for yourselves treasures on earth, where moth and rust consume and where thieves break in and steal; but store up for yourselves treasure in heaven . . . for where your treasure is, there your heart will be also" (Matt 6:19–21). Here he's reminding his disciples that their ultimate loyalty is not to wealth or possessions, but to God's kingdom. He's not denouncing savings accounts and IRAs, but hoarding. At the time, burying was considered the safest way to hide money. But buried money is unproductive money. Money in a bank that earns interest (and is available for other ventures) is productive.

In fact, Jesus reserved some of his harshest words for those who seek false security in hoarding. Consider the parable of the talents (Matt. 25:14–30).

A man calls three servants and entrusts them with huge sums of money:

> To one he gave five talents, to another two, to another one, to each according to his ability. Then he went away. The one who had received the five talents went off at once and

> traded with them, and made five more talents. In the same way, the one who had the two talents made two more talents. But the one who had received the one talent went off and dug a hole in the ground and hid his master's money.

You know the rest of the story. When the master comes back, he compliments and rewards the first two, but he lambastes the last: "You wicked and lazy slave! You knew, did you, that I reap where I did not sow, and gather where I did not scatter? Then you ought to have invested my money with the bankers, and on my return I would have received what was my own with interest."

This, like many of Jesus's parables, is about the kingdom of God.[20] Still, the parable contains a lot of economic wisdom. Notice that the first two servants are rewarded for investing the money they're given—for putting it at risk, where it can bear fruit. They're not praised for making money, but for being "trustworthy."

You might think the third servant was trustworthy; but the master punished him for playing it safe and hoarding. He expected the servant to invest, to put the money at risk. *At the least,* the master tells him, he should have put it in a bank where it could bear interest. If you're looking for Jesus's views on interest, this is the best clue there is. Jesus isn't giving an economics lesson—the parable is about the kingdom of God—but he would never have told this parable if he thought it was always immoral to accept interest for lending money to someone. On the contrary, he treats risk, investment, *and* interest in a positive light, and trusts his listeners to do the same. He describes enterprise as productive, not exploitative, and money as fertile, not sterile. Too bad Christendom didn't notice that sooner.

There's a larger lesson here. 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.

Seven

Doesn't Capitalism Lead to an Ugly Consumerist Culture?

In 2007, I visited Hong Kong, a unique city-state covering several mountainous islands at the mouth of the Pearl River delta in southern China. Hong Kong started as a fishing village, and was a British Crown Colony from 1842 to 1997. It shared the benefits of many former British colonies: a stable rule of law without an overly meddlesome government. It wasn't utopia, of course, but it's rightly said that the British governed Hong Kong through the method of "benign neglect." The result is one of the greatest capitalist success stories in history.

In 1997, Hong Kong was handed over to communist China. So far, China hasn't messed it up. It is now home to over 6 million people, with more people arriving every day. Downtown is covered with towering glass skyscrapers, but across Victoria Bay in Kowloon, it's all stuff all the time. Urban malls and street markets with thousands of booths are dismantled and reassembled every day. Kitschy neon signs jut out from the sides of high-rise buildings, crowding the space between the street and the sky. And everywhere there are merchants, hocking Chinese souvenirs and Chinese massages; Gucci and Polo; Rolex, Giordano, and Hello Kitty; cell phones and fake Rolexes; fruits and meats you've never seen before, and some you wish you'd never seen.

For champions and critics alike, this motley scene is the essence of modern capitalism. For critics, at least, it's not a pretty sight, whether it's in Hong Kong, Houston, or Harrisburg, Pennsylvania. Many Christians hear "capitalism" and think urban sprawl,