

Brief History of Christianity and Capitalism

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Christian Economics

by Most Rev. Dr. Robert M. Bowman

2002



Exodus 22: 24-25

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THE UNITED CATHOLIC CHURCH

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Home	About Us	News	Faith	Organization	History	Documents	Ordination	Site Map
------	----------	------	-------	--------------	---------	-----------	------------	----------

Introduction

FAQs

Faith Summary

Core UCC Document: What Does It Mean to be Catholic?

Theological Reflections

Christian Economics

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It is accepted as a given, at least in these United States, that Christianity and Free-Market Capitalism are inseparable. To those on the right, it is an article of faith. "That government governs best which governs least." "Godless Communism." "In God's order there are no schemes of wealth distribution which under the government forces productive citizens to give the fruit of their labors to those who are nonproductive." (Pat Robertson in *The New World Order*, page 228.) Laissez faire, tax cuts, slash government spending, downsize, balanced budget, welfare reform, tax relief, flat tax, deregulation, capital gains tax cuts, eliminate the income tax, disband the IRS — these make up the economic litany of conservative Christians. Capitalism and family values go hand in hand. Even liberals seldom badmouth capitalism. They just want to make it a little more compassionate, tinker with it at the margins. But abandon it, or make major changes in it, heavens no. Without capitalism, we'd no longer be a Christian country. God gave us the free market for a reason.

Brief History of Christianity and Capitalism

It wasn't always thus. For most of its 2,000 year history, Christianity not only frowned on capitalism, but banned it outright. Capitalism is making money with money. Interest, capital gains, investment income — everything we call "unearned income" — these are the lifeblood of capitalism. But until fairly recently, they were all banned by the Christian churches. Even buying and selling at a profit was proscribed. It was unthinkable for a Christian to be a businessman.

This Christian view of economics is grounded in the Bible. The law against charging interest goes back to Exodus 22: 24-25, "If you lend money to one of your poor neighbors among my people, you shall not act like an extortioner toward him by demanding interest from him." This prohibition is repeated 22 times in the Old Testament. Proverbs 28:8 says, "He who increases his wealth by interest and overcharge amasses it for someone else who will bestow it on the poor." Psalm 15 says, "Yahweh, who can find a home in your tent, who can dwell on your holy mountain? Whoever lives blamelessly, who acts uprightly, who speaks the truth from the heart, ... who asks no interest on loans, who takes no bribe to harm the innocent. No one who so acts can ever be shaken."

Deuteronomy 15:1-11 orders the cancellation of all debts at the end of every seventh year. And it cautions against refusing to lend to one in need because this time is near. So your loan will never be repaid to you. So what? The Lord will take care of you. But if you refuse one in need, the Lord will hold you "guilty of sin." "I command you to open your hand to your countrymen who are poor and needy." Deuteronomy 24: 19-21 establishes gleaners rights for "the alien, the fatherless, and the widow."

The New Testament also has some things to say about economics. Most of them should be profoundly troubling to the wealthy. James 5:1, for example, says, "Next a word to you who are rich. Weep and wail over the miserable fate overtaking you: your riches ... will be evidence against you and consume your flesh like fire. ... You have lived on the land in wanton luxury, gorging yourselves — and on the day appointed for your slaughter."

Jesus himself had much to say on the subject. Perhaps the most famous is Matthew 19: 21-24: "If you wish to be perfect, go, sell what you have and give to the poor, and you will have treasure in heaven. Then come, follow me. ... Amen, I say to you, it will be hard for one who is rich to enter the kingdom of heaven. Again I say to you, it is easier for a camel to pass through the eye of a needle than for one who is rich to enter the kingdom of God."

The early Christians took these sayings very seriously. The first century *Didache* said, "Do not claim that anything is your own." Around the year 200, Clement of Alexandria said, "All possessions are by nature unrighteous; when one possesses them for personal advantage and does not bring them into the common stock for those in need." Basil the Great, about 400 A.D., said "That bread which you keep belongs to the hungry; that coat in your closet, to the naked." St. Augustine said, "Business is in itself an evil." Jerome, who disagreed with Augustine on many things, did not on this. He said, "A man who is a merchant can seldom if ever please God." St. John Chrysostom put it this way, "How did you become rich? Can you show the acquisition just? It cannot be. The root and origin of it must have been injustice."

For 1500 years, the church banned charging interest. The reason Jews got such a bad reputation as bankers and merchants was that they were engaging in practices forbidden to Christians. (The irony is that all the Biblical passages against interest are in the Hebrew scriptures, not the New Testament. For some reason, the Christians took them more seriously than the Jews, at least for a while.)

In 1635, a Boston merchant was convicted of greed because he sold goods at a 6% markup — 2% higher than allowed by law. The charges against him were brought by the elders of the church, who said he had defamed God's name. But the fact that he was allowed to make any profit at all was a change brought about largely by the Protestant reformation.

By the 1800s, the restrictions on Christian participation in commerce were being widely ignored. Yet even in the twentieth century, Christian leaders have occasionally spoken out. Pope Pius XI, in his 1931 encyclical *Quadragesimo Anno*, said, "The free market, of its own nature, concentrates power in those who are anti-social, in those who fight most violently and give least heed to their conscience." Even the conservative and very anti-communist John Paul II has had strong words about the abuses and dangers of unbridled capitalism. (Why is it that conservative Roman Catholics who hang on every word the Pope says when condemning homosexuality or prohibiting women priests pay not the slightest attention when he condemns the gulf between rich and poor under capitalism, or when he condemns nuclear weapons and militarism or the death penalty. It would seem that those who ignore the ban on birth control are not the only "cafeteria Catholics." For that matter, why is it that Protestants who take the Bible very

literally when it comes to sexual practices someone *else* engages in, are able to explain away the clear Biblical prohibitions on economic activities *they* engage in??)

But Capitalism Works

Most Christians today (with the exception of a few small groups of Amish, the Quakers, and those in Bruderhof communities and Catholic Worker houses) would probably write off this history of antipathy between Christianity and capitalism as irrelevant leftovers from a very different world. After all, experience has shown that people are much better off under capitalism. The standard of living is higher. People are freer. Capitalism works. We won the Cold War not just because of our military might, but because our system is better. Everybody knows that.

Yes, everybody knows that. But is it true? People today know *lots* of things that aren't true. Maybe we should examine this common knowledge a little more closely. In essence, Christians have discarded all the Biblical, theological, and spiritual arguments against capitalism, and opted for *pragmatism*. They have embraced capitalism because it *works*. After all, look at how much better life is in capitalist America than it was in the communist Soviet Union. (At least, that's what we've been told.)

Actually, it's not at all clear that life here is "better" than it was in the Soviet Union under communism. More affluent, but not necessarily better. But that's hardly a fair comparison. Look at the different starting points. The U.S. in 1917 was rich, powerful, awash with resources. Russia was still a feudal society. In 1945, we had as much wealth as the rest of the world put together, and were unscathed by the war. The Soviet Union was in ruins. A fairer comparison would be the communist Soviet Union of the 1980s compared to capitalist Russia in the 1990s.

In the old Soviet Union, there were few signs of affluence. Yet, at the same time, there were no signs of abject poverty. There were no homeless, no jobless, no bag ladies, no muggings, no carjackings, Medical care (such as it was) and higher education were free. Food was highly subsidized. With all the inefficiencies of their system, they were still able to provide for the basic needs of their people.

The capitalist Russia of today is something else altogether. A handful of "entrepreneurs" and crooks ride around in luxury limousines, while the vast majority of Russians are much worse off than before. Devaluation of the ruble has wiped out savings and made pensions worthless. Millions have been made destitute. Military officers, unpaid for months, drive taxis trying to feed their families. Crime, corruption, homelessness, hunger, unemployment, hopelessness, pornography, and despair — these are the fruits of capitalism in Russia today.

Ask a Russian how well capitalism is working for her or him.

So what about Cuba? Isn't Cuba another example of the failure of socialism? And isn't Nicaragua another communist failure? Actually, the quality of life in these countries improved enormously under communism. Education became available. Literacy rates soared. Health care improved. (In some ways, it is still better in Cuba than in Florida.) Even the standard of living in these countries rose — at least until opposition, aggression, and boycott by the United States began to take its economic toll. The subsequent economic decline of Nicaragua and Cuba is less indicative of the failure of socialism than it is of the success of the bullying tactics of U.S.-based multinational corporations and their wholly-owned subsidiaries in the CIA, the Pentagon, the State Department, and the White House basement.

The truth of the matter is that communism has not succeeded because the global power elite are determined not to let it succeed.

Another myth that needs dispelling is that communism is intrinsically atheistic. It was officially so in the Soviet Union only because the church was a strident supporter of the economic and political status quo under the czars. In Nicaragua, the Sandinista government in the 1980s was communist and yet thoroughly Christian, both in official policy and in practice. There is absolutely nothing incompatible between Christianity and socialism. In the Book of Acts we learn that the early Christians practiced a purer, more radical form of communism than can be found in any country today. Traces still exist in the Bruderhofs and other small Christian communities. (You won't find groups of atheists living that way.)

A criticism at this point might go like this: "So maybe communism never got a fair trial. So what? It couldn't possibly work as well as what we have right now. Why play around with socialist experiments when we already know capitalism works?"

But does it really? Let's take a look at capitalism's record here in the United States.

It had its ups and downs in our first century and a half. By the 1920s it was really roaring. "The business of America is business." Remember? Then came the crash. Right behind it, fortunately, came Franklin D. Roosevelt.

First, Roosevelt recognized the problem. Listen to excerpts from his second inaugural address. "I see millions of families trying to live on incomes so meager that the pall of family disaster hangs over them day by day. I see one third of a nation ill-housed, ill-clad, ill-fed."

Next, Roosevelt identified the source of the problem. "We have begun to bring private, autocratic powers into their proper subordination to the public's government. A legend that they were invincible, above and beyond the processes of democracy, has been shattered. They have been challenged and beaten." He was talking about corporations.

Roosevelt knew that only the power of the government could protect the people from the power of "Private, autocratic powers" (corporations). No talk from him about government not being the solution! "We're going to find through government the instrument of our united purpose." "Repeated attempts at solution without the aid of government have left us baffled and bewildered, ... we must find practical controls over blind economic forces and blindly selfish men."

Roosevelt did find the way. Through a combination of social security, government jobs, and other socialist measures, he overcame the power of the Standard Oil trust and other conglomerates and raised the people out of poverty and despair. After the war, the government went further into debt to fund the GI Bill. It turned out to be the best investment yet. The 1950s (which conservatives always want to take us back to) saw top tax brackets of 90% — and saw the emergence of a true middle class.

Of course, it wasn't just the wealthy individuals that financed the boom. Corporations paid 39% of all income taxes back then. By 1991 their share was down to 9%. (This in spite of the fact that corporations were getting a much larger share of the nation's wealth.)

By the early 70s, poverty in the United States was way down, the result not of unbridled capitalism, but of its combination with socialist policies.

But then people forgot that government was their only protection from corporate power. Government disgraced itself with the Vietnam War, and the corporations geared up for a comeback. They learned how to manipulate public opinion through the media. They also learned how to control politicians through campaign donations. The result was the election in 1980 of Ronald Reagan and the beginning of the Reagan revolution.

During the Reagan years, government controls on corporate power were dismantled, the unions were emasculated, corporate greed was deregulated, top tax rates were slashed, government protection for workers and the environment was weakened, and social programs were squeezed out by Pentagon spending. The end result was a purer form of capitalism. Was this a good thing? Is capitalism working for us? The best we can do in our attempt to answer these questions is to look at statistics. Unfortunately, relevant or consistent statistics are not always easy to come by. But what is available tells a pretty clear story.

Is Capitalism Working Today?

From 1977 to 1989 the top 1% (income over \$350,000/yr) received 72% of the country's income gains (while at the same time their taxes were cut \$83 Billion a year). During this same period, the bottom 60% of us actually had our incomes go down.

From 1973 to 1993, wages of low income laborers (janitors, etc.) went down 15%. Wages of production workers went down 20%. Wages of young male high school grads went down 30%. Wages of middle-age men with 4 years of college went down 24%. And the total wages of those earning a million dollars or more a year shot up an average of **243% per year !!!**

In 1952, the average factory worker had to work one day to earn the closing costs for a brand new home in Levittown, PA. In 1991, it took the average factory worker (if he was lucky enough to have a job) 126 days to earn the closing costs on the same (now 40-year old) house! What's worse, the average factory worker now doesn't make enough to qualify for a mortgage on that 40-year old tract house.

In 1970, the median Philadelphia family paid \$1,689 in income and social security taxes. In 1989, they paid \$8,491. Meanwhile, the average taxes paid by millionaires went down by \$436,389 each per year.

In 1982, 75% of workers at companies with 100 or more employees had fully-paid health coverage. In 1989, only 48% of them were covered.

From 1980 to 1993, the Fortune 500 companies eliminated 4.4 million jobs, while sales increased 140%, assets 230%, and CEO compensation 610%. These companies employ 0.05% of the world's population, but control 25% of its output and 70% of the world's trade.

The standard of living in this country is going down fairly rapidly. All too often both husband and wife must work, and many have two and three jobs, none of which have benefits or retirement plans. Why is this happening? We used to be told productivity was everything. Has productivity gone down? Hardly! In fact, productivity has been going up so fast that companies can get by with a small fraction of the work force they once employed.

So what's happening? Why hasn't increased productivity paid off for workers with higher wages and shorter hours? Here's your answer.

Manufacturing workers produce an average of \$95,519 worth of product per year, or \$1,837 per week. Of this, \$330 goes to the worker, \$64 goes to the government in taxes, and \$1,443 goes to the corporation for overhead, interest, advertising, and profits. Corporate lobbyists try to get workers excited about the \$64 in taxes they're not getting. Nobody mentions the \$1,443 per week they're being "taxed" by the corporation. In the good old days, the average CEO made a salary 10 to 15 times that of the average factory worker. Today, they make **150** times as much!

All this helps explain why **the net assets of the 400 richest Americans is \$300 Billion, while the total net assets of the 150 million poorest Americans is zero.**

Capitalism is working???

If just the unearned income of the fatcats were redistributed, every adult American could be given \$30,000 a year!! (See *The \$30,000 Solution* by Robert Shutz, PhD, Fithian Press.)

In 1970, the richest 1% of Americans owned 20% of the nation's wealth. By 1989, it was 40%, and it's still going up. In England, with its royalty, its class system, and all that, it's only 18%.

The rate of child poverty in the U.S. is four times that of Western Europe. Among all industrialized countries, we're #1. Number one in child poverty. Number one in the gap between rich and poor. Number one in unimmunized children. Number one in teen pregnancy. Number one in deaths by gunfire. Number one in poverty among the elderly. Number one in citizens without medical coverage.

And just for a second, let's take a look at capitalism on a global scale. At last count, there were 358 billionaires. Their assets exceed the total annual income of over 2.8 billion people and whole nations containing 45% of the earth's population. The common myth is that there's not enough rich people to make a dent in poverty even if all their wealth were taken away. The fact is that while nobody's advocating doing it, redistributing the assets of 358 people could double the income of half the people on earth!

Nike pays Michael Jordan more to advertise their shoes than they pay all the workers in all the factories who make them. If Michael were willing to get by on just the several millions a year he gets for actually playing basketball, he could double the salary of all the women and children making Nike shoes. Throw in his salary from Wheaties and he could do better than that. (This is not meant as a criticism of Michael Jordan, but of Nike and its priorities.)

In the last 30 years, the richest 20% of the world's population saw their share of global income rise from 70% to 85%. And the share of the poorest 20% fell from 2.3% to 1.4%.

Global capitalism is working??

But things are changing. We have welfare "reform." As Jerry Brown points out, Franklin Roosevelt made it possible for widows and single mothers to stay home and raise their children to be solid citizens. Now the goal is to institutionalize the children and force the mother to find a job for \$5.50 an hour. (Where we are going to find jobs for the 14 million officially unemployed and the 35 million who have dropped out of the system, nobody knows. The Federal Reserve is committed to maintaining unemployment at near present levels to keep inflation down. The bond holders like it that way.)

So much for pragmatism. Our current form of capitalism may be working for the wealthy few, but it's sure not working for the many. It never *has* worked for the African-American youth in the inner cities. (Even in the glorious 50s, they were largely left out. It's just that nobody noticed back then.)

It isn't even working for what's left of the middle class. Job security is a thing of the past. And as things get more and more intolerable for the underclass, *everyone* is endangered. As Rev. William Sloane Coffin used to say, "Those who make peaceful change impossible make violent change inevitable," and "You can't have a revolt without revolting conditions."

The truth is that capitalism *isn't* working. It's not working in the United States. And it's a living hell for people in Russia, Mexico, Honduras, Peru, Indonesia, and around the world.

Capitalism and Consumption

Maybe it's time to reexamine Christianity's historical opposition to capitalism. It's not enough to look at what it does for GDP. What does it do for spiritual values? What did it do for the young men now on death row? What did it do for Imelda Marcos? What did it do for Jim and Tammy Faye Bakker? What did it do for O. J. Simpson? Though he seems like a great guy now, what might it be doing for Michael Jordan? What is it doing for the rest of us?

One hint of what it might be doing to us can be gleaned from the words of Victor Lebow, a businessman. In 1955, he said, "Our enormously productive economy demands that we make consumption our way of life, .. that we seek our spiritual satisfaction, our ego satisfaction, in consumption. We need things consumed, burned up, worn out, replaced, and discarded at an ever increasing rate." (Well, that has sure been brought about, with devastating effects on the environment and the earth's natural resources, and uncertain effects on the human spirit.)

Capitalism and Democracy

Capitalism is often equated with democracy and freedom. Wrongly! Kuwait, a bastion of capitalism, has no democracy and very little freedom. It is an autocracy ruled by and for the male members of a single family. Turkey, Singapore, Peru, Saudi Arabia, Guatemala, South Korea, Taiwan, Mexico — these capitalist friends of the U.S. are basically military dictatorships. When the U.S. government talks about promoting democracy around the world, what it really means is the promotion of capitalism. Why? For the benefit of our oligarchy and their multinational banks and corporations. Even China now gets Most Favored Nation (MFN) status because it has allowed our corporations to come in and profit from the sale of Chinese goods (made too often by slave labor and child labor) to Americans and others. The Sandinista government of Nicaragua was far more democratic than many of our capitalist trading partners. They were vilified because they would not let our corporations exploit their people. It's the same with Cuba.

It's true that most communist countries lacked democracy. Political freedoms were restricted. They could think of no other way to limit the political power of the oligarchy. They found that needed changes could not be brought about if the wealthy were allowed to use their resources to manipulate public opinion.

Look at what happens in this country. The people have the vote; but the oligarchs have the politicians, and the media. In 1993, almost everyone wanted a true national health program. President Clinton didn't think he could get one, so he tried to mollify the huge insurance industry by proposing a half-baked scheme that would let them continue to profit by shuffling paper. But that wasn't enough for them. So they turned on him, made sure Congress wouldn't pass anything, then used the media to convince the people they didn't want it after all.

This excessive power of the wealthy few is not democracy. The Supreme Court has said that corporations have first amendment rights of free speech just like individuals, and that they include the right to spend as much money as they want to influence the outcome of elections. This is not democracy. It is oligarchy. Corporations are not citizens. They should not have such rights. Laws restricting the rights of corporations are essential if the people are to be empowered.

Campaign finance reform is the fundamental reform that might give capitalism a chance to work. As long as large corporations rule (FDR's private, autocratic powers), no significant progress will be made on issues of importance to people and families. Politics in this country has come down to a struggle for the control of government between corporations and the people. And ever since John F. Kennedy was killed, the corporations have been winning. They are now succeeding in downsizing government and limiting its power over them. They call it deregulating. They do it in the name of small business. But small businesses have nothing to do with it. It is very big business indeed.

The sad fact is that today's brand of capitalism is destroying democracy, here and around the world.

Corporations are more powerful than national governments, including our own. Of the 100 largest economies in the world, 50 are corporations, not nations. It's actually worse than that, because nations count in their GDP all the funds earned by corporations, even if those funds do not get taxed, but leave forever for some offshore tax haven or Swiss bank.

Have you ever thought why the United States, historically the richest nation on earth, is about five trillion dollars in debt? And we're not alone. Most other nations are in debt, too. European countries can't fund their social programs. The Russians can't pay government workers or soldiers. Third World countries have crushing debt burdens they can never repay. Poor African nations pay far more in interest on their debt than all the aid they receive. So what's going on? If all these nations are in debt, to whom? Who are on the other side of the ledger? Who owns the twenty trillion dollars the rest of us owe? The answer to that is easy. The corporations and banks and their owners, and big bond holders (those 358 billionaires).

With their ownership of the media (remember their attacks on NPR and PBS whom they don't control?), with hordes of lawyers, and with almost limitless funds, big corporations buy up politicians of both political parties, and manipulate public opinion to suit their financial interests. With NAFTA and GATT, they can now (through the WTO and its secret deliberations) overrule and invalidate the laws of any nation. The vote means nothing if all your choices are company men and the laws your legislators pass can be thrown out by corporate lawyers.

Today's capitalism is making democracy nothing but a hollow word!

What Then Should Christians Think About Capitalism?

The bottom line is that capitalism is based on practices prohibited by the Bible and banned by the church for 1500 years. Capitalism, without appropriate socialist add-ons always magnifies the grotesque gap between rich and poor. This results in a small percentage of rich people with little chance for salvation and great suffering for the poor whom God loves. Theologically, capitalism is inconsistent with the teaching and example of Jesus and is opposed to the Gospel and the basic tenets of Christianity. What's more, capitalism doesn't work — at least not for the majority of people. Capitalism as a system is dependent on consumerism and is therefore highly destructive of spiritual values. Capitalism without strong government controls leads to corporate tyranny and is antithetical to democracy, freedom, and human rights. Capitalist interests have led to the slaughter of millions of peasants and ordinary people (many of them Christians) in banana republics and "Third World" countries around the globe. This slaughter has been carried out by our sons and daughters at the direction of U.S. administrations beholden to The United Fruit Company, Exxon, Chiquita Banana, Domino Sugar, the Chase Manhattan Bank, and other corporate interests. To our great shame, we in America have been the "Evil Empire" and have forcefully prevented God's people in other countries from attaining freedom, peace, democracy, or economic justice. Our idolatrous worship of capitalism and the almighty dollar and our misguided patriotism have turned us against God and his people. If we do not gain control of the beast we have unleashed, it will inevitably turn on us (as it has already begun to do). If we do not gain control of the "private, autocratic powers," and the "blind economic forces and blindly selfish men" identified by FDR, they will devour us just as surely as they devoured the Christian base communities of Nicaragua, the Jesuit priests and Maryknoll sisters in El Salvador, and the indigenous people of Chiapas, Mexico.

Wake up Christians! The enemy are not conservative Christians or liberals, not left-wing Democrats or Country-Club Republicans. The enemy is the same one faced and tamed by FDR — secular forces beholden only to the bottom line.

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Return to Theological Reflections Papers List



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Introduction
FAQs
Faith Summary
Core UCC Document: What Does It Mean to be Catholic?
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Home	About Us	News	Faith	Organization	History	Documents	Ordination	Site Map
------	----------	------	-------	--------------	---------	-----------	------------	----------

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This Christian view of economics is grounded in the Bible. The law against charging interest goes back to Exodus 22: 24-25, "If you lend money to one of your poor neighbors among my people, you shall not act like an extortioner toward him by demanding interest from him." This prohibition is repeated 22 times in the Old Testament. Proverbs 28:8 says, "He who increases his wealth by interest and overcharge amasses it for someone else who will bestow it on the poor." Psalm 15 says, "Yahweh, who can find a home in your tent, who can dwell on your holy mountain? Whoever lives blamelessly, who acts uprightly, who speaks the truth from the heart, ... who asks no interest on loans, who takes no bribe to harm the innocent. No one who so acts can ever be shaken."

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For 1500 years, the church banned charging interest. The reason Jews got such a bad reputation as bankers and merchants was that they were engaging in practices forbidden to Christians. (The irony is that all the Biblical passages against interest are in the Hebrew scriptures, not the New Testament. For some reason, the Christians took them more seriously than the Jews, at least for a while.)

In 1635, a Boston merchant was convicted of greed because he sold goods at a 6% markup — 2% higher than allowed by law. The charges against him were brought by the elders of the church, who said he had defamed God's name. But the fact that he was allowed to make any profit at all was a change brought about largely by the Protestant reformation.

By the 1800s, the restrictions on Christian participation in commerce were being widely ignored. Yet even in the twentieth century, Christian leaders have occasionally spoken out. Pope Pius XI, in his 1931 encyclical *Quadragesimo Anno*, said, "The free market, of its own nature, concentrates power in those who are anti-social, in those who fight most violently and give least heed to their conscience." Even the conservative and very anti-communist John Paul II has had strong words about the abuses and dangers of unbridled capitalism. (Why is it that conservative Roman Catholics who hang on every word the Pope says when condemning homosexuality or prohibiting women priests pay not the slightest attention when he condemns the gulf between rich and poor under capitalism, or when he condemns nuclear weapons and militarism or the death penalty. It would seem that those who ignore the ban on birth control are not the only "cafeteria Catholics." For that matter, why is it that Protestants who take the Bible very

literally when it comes to sexual practices someone *else* engages in, are able to explain away the clear Biblical prohibitions on economic activities *they* engage in??)

But Capitalism Works

Most Christians today (with the exception of a few small groups of Amish, the Quakers, and those in Bruderhof communities and Catholic Worker houses) would probably write off this history of antipathy between Christianity and capitalism as irrelevant leftovers from a very different world. After all, experience has shown that people are much better off under capitalism. The standard of living is higher. People are freer. Capitalism works. We won the Cold War not just because of our military might, but because our system is better. Everybody knows that.

Yes, everybody knows that. But is it true? People today know *lots* of things that aren't true. Maybe we should examine this common knowledge a little more closely. In essence, Christians have discarded all the Biblical, theological, and spiritual arguments against capitalism, and opted for *pragmatism*. They have embraced capitalism because it *works*. After all, look at how much better life is in capitalist America than it was in the communist Soviet Union. (At least, that's what we've been told.)

Actually, it's not at all clear that life here is "better" than it was in the Soviet Union under communism. More affluent, but not necessarily better. But that's hardly a fair comparison. Look at the different starting points. The U.S. in 1917 was rich, powerful, awash with resources. Russia was still a feudal society. In 1945, we had as much wealth as the rest of the world put together, and were unscathed by the war. The Soviet Union was in ruins. A fairer comparison would be the communist Soviet Union of the 1980s compared to capitalist Russia in the 1990s.

In the old Soviet Union, there were few signs of affluence. Yet, at the same time, there were no signs of abject poverty. There were no homeless, no jobless, no bag ladies, no muggings, no carjackings, Medical care (such as it was) and higher education were free. Food was highly subsidized. With all the inefficiencies of their system, they were still able to provide for the basic needs of their people.

The capitalist Russia of today is something else altogether. A handful of "entrepreneurs" and crooks ride around in luxury limousines, while the vast majority of Russians are much worse off than before. Devaluation of the ruble has wiped out savings and made pensions worthless. Millions have been made destitute. Military officers, unpaid for months, drive taxis trying to feed their families. Crime, corruption, homelessness, hunger, unemployment, hopelessness, pornography, and despair — these are the fruits of capitalism in Russia today.

Ask a Russian how well capitalism is working for her or him.

So what about Cuba? Isn't Cuba another example of the failure of socialism? And isn't Nicaragua another communist failure? Actually, the quality of life in these countries improved enormously under communism. Education became available. Literacy rates soared. Health care improved. (In some ways, it is still better in Cuba than in Florida.) Even the standard of living in these countries rose — at least until opposition, aggression, and boycott by the United States began to take its economic toll. The subsequent economic decline of Nicaragua and Cuba is less indicative of the failure of socialism than it is of the success of the bullying tactics of U.S.-based multinational corporations and their wholly-owned subsidiaries in the CIA, the Pentagon, the State Department, and the White House basement.

The truth of the matter is that communism has not succeeded because the global power elite are determined not to let it succeed.

Another myth that needs dispelling is that communism is intrinsically atheistic. It was officially so in the Soviet Union only because the church was a strident supporter of the economic and political status quo under the czars. In Nicaragua, the Sandinista government in the 1980s was communist and yet thoroughly Christian, both in official policy and in practice. There is absolutely nothing incompatible between Christianity and socialism. In the Book of Acts we learn that the early Christians practiced a purer, more radical form of communism than can be found in any country today. Traces still exist in the Bruderhofs and other small Christian communities. (You won't find groups of atheists living that way.)

A criticism at this point might go like this: "So maybe communism never got a fair trial. So what? It couldn't possibly work as well as what we have right now. Why play around with socialist experiments when we already know capitalism works?"

But does it really? Let's take a look at capitalism's record here in the United States.

It had its ups and downs in our first century and a half. By the 1920s it was really roaring. "The business of America is business." Remember? Then came the crash. Right behind it, fortunately, came Franklin D. Roosevelt.

First, Roosevelt recognized the problem. Listen to excerpts from his second inaugural address. "I see millions of families trying to live on incomes so meager that the pall of family disaster hangs over them day by day. I see one third of a nation ill-housed, ill-clad, ill-fed."

Next, Roosevelt identified the source of the problem. "We have begun to bring private, autocratic powers into their proper subordination to the public's government. A legend that they were invincible, above and beyond the processes of democracy, has been shattered. They have been challenged and beaten." He was talking about corporations.

Roosevelt knew that only the power of the government could protect the people from the power of "Private, autocratic powers" (corporations). No talk from him about government not being the solution! "We're going to find through government the instrument of our united purpose." "Repeated attempts at solution without the aid of government have left us baffled and bewildered, ... we must find practical controls over blind economic forces and blindly selfish men."

Roosevelt did find the way. Through a combination of social security, government jobs, and other socialist measures, he overcame the power of the Standard Oil trust and other conglomerates and raised the people out of poverty and despair. After the war, the government went further into debt to fund the GI Bill. It turned out to be the best investment yet. The 1950s (which conservatives always want to take us back to) saw top tax brackets of 90% — and saw the emergence of a true middle class.

Of course, it wasn't just the wealthy individuals that financed the boom. Corporations paid 39% of all income taxes back then. By 1991 their share was down to 9%. (This in spite of the fact that corporations were getting a much larger share of the nation's wealth.)

By the early 70s, poverty in the United States was way down, the result not of unbridled capitalism, but of its combination with socialist policies.

But then people forgot that government was their only protection from corporate power. Government disgraced itself with the Vietnam War, and the corporations geared up for a comeback. They learned how to manipulate public opinion through the media. They also learned how to control politicians through campaign donations. The result was the election in 1980 of Ronald Reagan and the beginning of the Reagan revolution.

During the Reagan years, government controls on corporate power were dismantled, the unions were emasculated, corporate greed was deregulated, top tax rates were slashed, government protection for workers and the environment was weakened, and social programs were squeezed out by Pentagon spending. The end result was a purer form of capitalism. Was this a good thing? Is capitalism working for us? The best we can do in our attempt to answer these questions is to look at statistics. Unfortunately, relevant or consistent statistics are not always easy to come by. But what is available tells a pretty clear story.

Is Capitalism Working Today?

From 1977 to 1989 the top 1% (income over \$350,000/yr) received 72% of the country's income gains (while at the same time their taxes were cut \$83 Billion a year). During this same period, the bottom 60% of us actually had our incomes go down.

From 1973 to 1993, wages of low income laborers (janitors, etc.) went down 15%. Wages of production workers went down 20%. Wages of young male high school grads went down 30%. Wages of middle-age men with 4 years of college went down 24%. And the total wages of those earning a million dollars or more a year shot up an average of **243% per year !!!**

In 1952, the average factory worker had to work one day to earn the closing costs for a brand new home in Levittown, PA. In 1991, it took the average factory worker (if he was lucky enough to have a job) 126 days to earn the closing costs on the same (now 40-year old) house! What's worse, the average factory worker now doesn't make enough to qualify for a mortgage on that 40-year old tract house.

In 1970, the median Philadelphia family paid \$1,689 in income and social security taxes. In 1989, they paid \$8,491. Meanwhile, the average taxes paid by millionaires went down by \$436,389 each per year.

In 1982, 75% of workers at companies with 100 or more employees had fully-paid health coverage. In 1989, only 48% of them were covered.

From 1980 to 1993, the Fortune 500 companies eliminated 4.4 million jobs, while sales increased 140%, assets 230%, and CEO compensation 610%. These companies employ 0.05% of the world's population, but control 25% of its output and 70% of the world's trade.

The standard of living in this country is going down fairly rapidly. All too often both husband and wife must work, and many have two and three jobs, none of which have benefits or retirement plans. Why is this happening? We used to be told productivity was everything. Has productivity gone down? Hardly! In fact, productivity has been going up so fast that companies can get by with a small fraction of the work force they once employed.

So what's happening? Why hasn't increased productivity paid off for workers with higher wages and shorter hours? Here's your answer.

Manufacturing workers produce an average of \$95,519 worth of product per year, or \$1,837 per week. Of this, \$330 goes to the worker, \$64 goes to the government in taxes, and \$1,443 goes to the corporation for overhead, interest, advertising, and profits. Corporate lobbyists try to get workers excited about the \$64 in taxes they're not getting. Nobody mentions the \$1,443 per week they're being "taxed" by the corporation. In the good old days, the average CEO made a salary 10 to 15 times that of the average factory worker. Today, they make **150** times as much!

All this helps explain why **the net assets of the 400 richest Americans is \$300 Billion, while the total net assets of the 150 million poorest Americans is zero.**

Capitalism is working???

If just the unearned income of the fatcats were redistributed, every adult American could be given \$30,000 a year!! (See *The \$30,000 Solution* by Robert Shutz, PhD, Fithian Press.)

In 1970, the richest 1% of Americans owned 20% of the nation's wealth. By 1989, it was 40%, and it's still going up. In England, with its royalty, its class system, and all that, it's only 18%.

The rate of child poverty in the U.S. is four times that of Western Europe. Among all industrialized countries, we're #1. Number one in child poverty. Number one in the gap between rich and poor. Number one in unimmunized children. Number one in teen pregnancy. Number one in deaths by gunfire. Number one in poverty among the elderly. Number one in citizens without medical coverage.

And just for a second, let's take a look at capitalism on a global scale. At last count, there were 358 billionaires. Their assets exceed the total annual income of over 2.8 billion people and whole nations containing 45% of the earth's population. The common myth is that there's not enough rich people to make a dent in poverty even if all their wealth were taken away. The fact is that while nobody's advocating doing it, redistributing the assets of 358 people could double the income of half the people on earth!

Nike pays Michael Jordan more to advertise their shoes than they pay all the workers in all the factories who make them. If Michael were willing to get by on just the several millions a year he gets for actually playing basketball, he could double the salary of all the women and children making Nike shoes. Throw in his salary from Wheaties and he could do better than that. (This is not meant as a criticism of Michael Jordan, but of Nike and its priorities.)

In the last 30 years, the richest 20% of the world's population saw their share of global income rise from 70% to 85%. And the share of the poorest 20% fell from 2.3% to 1.4%.

Global capitalism is working??

But things are changing. We have welfare "reform." As Jerry Brown points out, Franklin Roosevelt made it possible for widows and single mothers to stay home and raise their children to be solid citizens. Now the goal is to institutionalize the children and force the mother to find a job for \$5.50 an hour. (Where we are going to find jobs for the 14 million officially unemployed and the 35 million who have dropped out of the system, nobody knows. The Federal Reserve is committed to maintaining unemployment at near present levels to keep inflation down. The bond holders like it that way.)

So much for pragmatism. Our current form of capitalism may be working for the wealthy few, but it's sure not working for the many. It never *has* worked for the African-American youth in the inner cities. (Even in the glorious 50s, they were largely left out. It's just that nobody noticed back then.)

It isn't even working for what's left of the middle class. Job security is a thing of the past. And as things get more and more intolerable for the underclass, *everyone* is endangered. As Rev. William Sloane Coffin used to say, "Those who make peaceful change impossible make violent change inevitable," and "You can't have a revolt without revolting conditions."

The truth is that capitalism *isn't* working. It's not working in the United States. And it's a living hell for people in Russia, Mexico, Honduras, Peru, Indonesia, and around the world.

Capitalism and Consumption

Maybe it's time to reexamine Christianity's historical opposition to capitalism. It's not enough to look at what it does for GDP. What does it do for spiritual values? What did it do for the young men now on death row? What did it do for Imelda Marcos? What did it do for Jim and Tammy Faye Bakker? What did it do for O. J. Simpson? Though he seems like a great guy now, what might it be doing for Michael Jordan? What is it doing for the rest of us?

One hint of what it might be doing to us can be gleaned from the words of Victor Lebow, a businessman. In 1955, he said, "Our enormously productive economy demands that we make consumption our way of life, .. that we seek our spiritual satisfaction, our ego satisfaction, in consumption. We need things consumed, burned up, worn out, replaced, and discarded at an ever increasing rate." (Well, that has sure been brought about, with devastating effects on the environment and the earth's natural resources, and uncertain effects on the human spirit.)

Capitalism and Democracy

Capitalism is often equated with democracy and freedom. Wrongly! Kuwait, a bastion of capitalism, has no democracy and very little freedom. It is an autocracy ruled by and for the male members of a single family. Turkey, Singapore, Peru, Saudi Arabia, Guatemala, South Korea, Taiwan, Mexico — these capitalist friends of the U.S. are basically military dictatorships. When the U.S. government talks about promoting democracy around the world, what it really means is the promotion of capitalism. Why? For the benefit of our oligarchy and their multinational banks and corporations. Even China now gets Most Favored Nation (MFN) status because it has allowed our corporations to come in and profit from the sale of Chinese goods (made too often by slave labor and child labor) to Americans and others. The Sandinista government of Nicaragua was far more democratic than many of our capitalist trading partners. They were vilified because they would not let our corporations exploit their people. It's the same with Cuba.

It's true that most communist countries lacked democracy. Political freedoms were restricted. They could think of no other way to limit the political power of the oligarchy. They found that needed changes could not be brought about if the wealthy were allowed to use their resources to manipulate public opinion.

Look at what happens in this country. The people have the vote; but the oligarchs have the politicians, and the media. In 1993, almost everyone wanted a true national health program. President Clinton didn't think he could get one, so he tried to mollify the huge insurance industry by proposing a half-baked scheme that would let them continue to profit by shuffling paper. But that wasn't enough for them. So they turned on him, made sure Congress wouldn't pass anything, then used the media to convince the people they didn't want it after all.

This excessive power of the wealthy few is not democracy. The Supreme Court has said that corporations have first amendment rights of free speech just like individuals, and that they include the right to spend as much money as they want to influence the outcome of elections. This is not democracy. It is oligarchy. Corporations are not citizens. They should not have such rights. Laws restricting the rights of corporations are essential if the people are to be empowered.

Campaign finance reform is the fundamental reform that might give capitalism a chance to work. As long as large corporations rule (FDR's private, autocratic powers), no significant progress will be made on issues of importance to people and families. Politics in this country has come down to a struggle for the control of government between corporations and the people. And ever since John F. Kennedy was killed, the corporations have been winning. They are now succeeding in downsizing government and limiting its power over them. They call it deregulating. They do it in the name of small business. But small businesses have nothing to do with it. It is very big business indeed.

The sad fact is that today's brand of capitalism is destroying democracy, here and around the world.

Corporations are more powerful than national governments, including our own. Of the 100 largest economies in the world, 50 are corporations, not nations. It's actually worse than that, because nations count in their GDP all the funds earned by corporations, even if those funds do not get taxed, but leave forever for some offshore tax haven or Swiss bank.

Have you ever thought why the United States, historically the richest nation on earth, is about five trillion dollars in debt? And we're not alone. Most other nations are in debt, too. European countries can't fund their social programs. The Russians can't pay government workers or soldiers. Third World countries have crushing debt burdens they can never repay. Poor African nations pay far more in interest on their debt than all the aid they receive. So what's going on? If all these nations are in debt, to whom? Who are on the other side of the ledger? Who owns the twenty trillion dollars the rest of us owe? The answer to that is easy. The corporations and banks and their owners, and big bond holders (those 358 billionaires).

With their ownership of the media (remember their attacks on NPR and PBS whom they don't control?), with hordes of lawyers, and with almost limitless funds, big corporations buy up politicians of both political parties, and manipulate public opinion to suit their financial interests. With NAFTA and GATT, they can now (through the WTO and its secret deliberations) overrule and invalidate the laws of any nation. The vote means nothing if all your choices are company men and the laws your legislators pass can be thrown out by corporate lawyers.

Today's capitalism is making democracy nothing but a hollow word!

What Then Should Christians Think About Capitalism?

The bottom line is that capitalism is based on practices prohibited by the Bible and banned by the church for 1500 years. Capitalism, without appropriate socialist add-ons always magnifies the grotesque gap between rich and poor. This results in a small percentage of rich people with little chance for salvation and great suffering for the poor whom God loves. Theologically, capitalism is inconsistent with the teaching and example of Jesus and is opposed to the Gospel and the basic tenets of Christianity. What's more, capitalism doesn't work — at least not for the majority of people. Capitalism as a system is dependent on consumerism and is therefore highly destructive of spiritual values. Capitalism without strong government controls leads to corporate tyranny and is antithetical to democracy, freedom, and human rights. Capitalist interests have led to the slaughter of millions of peasants and ordinary people (many of them Christians) in banana republics and "Third World" countries around the globe. This slaughter has been carried out by our sons and daughters at the direction of U.S. administrations beholden to The United Fruit Company, Exxon, Chiquita Banana, Domino Sugar, the Chase Manhattan Bank, and other corporate interests. To our great shame, we in America have been the "Evil Empire" and have forcefully prevented God's people in other countries from attaining freedom, peace, democracy, or economic justice. Our idolatrous worship of capitalism and the almighty dollar and our misguided patriotism have turned us against God and his people. If we do not gain control of the beast we have unleashed, it will inevitably turn on us (as it has already begun to do). If we do not gain control of the "private, autocratic powers," and the "blind economic forces and blindly selfish men" identified by FDR, they will devour us just as surely as they devoured the Christian base communities of Nicaragua, the Jesuit priests and Maryknoll sisters in El Salvador, and the indigenous people of Chiapas, Mexico.

Wake up Christians! The enemy are not conservative Christians or liberals, not left-wing Democrats or Country-Club Republicans. The enemy is the same one faced and tamed by FDR — secular forces beholden only to the bottom line.

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Return to Theological Reflections Papers List