

Does God believe in capitalism?

Introduction

- let me begin with some statistics about the needs of the world and some quotes about the character of capitalism:
- almost 1 billion people in the world don't get enough to eat each day; in Sub-Saharan Africa, the average daily calorie intake, according to Indur Goklany, one of the world's leading experts on the economic state of the world, is barely the minimum daily energy requirement. In addition, several billion people will receive enough calories but not enough nutrients.
- infant mortality in developing countries, according to the UN population division is still between 60 and 100 per 1000 live births, as compared to 2-5 for developed countries
- in the last 50 years, almost 400 million people worldwide have died from hunger and poor sanitation, more than 3 times the number who have died from war.
- these are just some of the measures of the desperate needs of the world at the moment, and nothing that anyone say can reduce the horror of those needs. In light of the massive inequalities that are depicted in these statistics, listen to some quotes about the nature an character of capitalism and the role it plays in establishing and preserving those inequalities:

“The effect of the capitalist system upon society and upon every individualism it takes the form of ‘possession’, that is, of being possessed; its character is demonic” Paul Tillich.

“From those things that God gave you, take what you need, but the rest, which to you are superfluous, are necessary to others. The superfluous goods of the rich are necessary to the poor, and when you possess the superfluous you possess what is not yours.” Augustine

“So its not after all just general human sinfulness that generates particular individual acts of injustice over and above the institutional injustice of capitalism itself. Capitalism also provides systematic incentives to develop a type of character that has propensity to injustice.” Alisdair MacIntyre

“Capitalism has produced great wealth, but capitalism’s ability to do so is irrelevant as rebuttal to the essential injustice of capitalism” Stanley Hauweras.

“North Americans and Europeans (including, presumably, Australians) earn 61 times as much as the people in poor countries, but we give only a tiny fraction of our affluence to the church. Most churches spend much of that pittance on themselves. Can we claim to be obeying the biblical command to have a special concern for the poor and oppressed. If the Bible is true, can we seriously hope to experience eternal love rather than eternal separation from the god of the poor?” Ronald Sider.

- these quotes from theologians, philosophers and social commentators, sum up what I would like to say about whether God believes in capitalism. The answer is a thunderous, NO! What is both on the surface and implied by these quotes is that

capitalism is a system of economic activity which relentlessly exploits the poor for the advantage of the rich, so the rich get richer and the poor get poorer, in fact the rich get richer by making the poor poorer. That is the diagnosis; the response is clear – generosity instead of greed, moderation instead of excess, simplicity instead of luxury. This is the talk I would like to give, in line with these quotes, and using those statistics; I suspect that for many of you, it is the talk that you would like me to give, it's what you already believe at a gut level about capitalism, and if I can give you a few facts and figures to bolster the view, then all well and good.

- I say this is the talk that I would like to give, but it's not the talk I'm going to give. I won't give it, because I don't believe it to be true anymore. I used to – I was a paid up, card carrying anti-capitalist once, I believed in the socialisation of capital and the greed inherent in capitalism, but I don't anymore. And so I am going to give a talk that I suspect many of you won't like, one that when I sat in this kind of theatre, I wouldn't have liked either. But I now believe that the evidence is simply too overwhelming to give that other talk, and in this I am not on my own, I will make reference to a growing body of literature from a highly impressive array of authors along the way. My plan of attack is as follows: after summarizing first year economics in 5 minutes, I'll say a few things about the emergence and growth of capitalism, particularly in recent centuries. Then we'll say something about the results of capitalism, and especially the phenomenon of the last half century, global capitalism. My second point will be to try to tease open the intellectual and institutional structure of capitalism. This will be the hardest point, and will require some real intellectual and imaginative work from all of us. That then will enable us to come to terms with the tongue in cheek question, does God believe in capitalism.

1. The emergence of capitalism

- Australia's economics guru, Ross Gittens has written a very helpful primer on economics. I remember when I was studying economics in year 12, and he came to visit the school, this little round gnome like guy, and in 80 minutes, he managed to explain the entire HSC economics course. It was brilliant. Like all good teachers he starts at the beginning. Listen to how he puts it: "To live, we need to consume a host of goods and services. To live well, we want to consume a lot more goods and services than we really need." Economics, contrary to popular belief, isn't really about money; what it is about "is resources.: land, including minerals in the ground and plantations, physical capital (machinery, buildings, roads bridges and infrastructure), and labour of all kinds ... the economy consists of us taking those resources every day and using them to produce a whole host of goods and services, which we promptly consume. That's what economics is about: studying the processes involved in humanity's endless round of production and consumption."

- now, even if there were only 2 people on the planet, this production and consumption would take place. Even when God fixes up the mess the world is in, and everything is perfect, there will still be production and consumption. Economics is just a way of studying this fact of life. However, the second fundamental fact about economics is that we live in a world of finite resources, and yet potentially infinite wants, particularly as there are more and more people. This is what economists call 'the economic problem'. Dividing finite resources into greater and greater wants. Of course, the flip side of this is that when there aren't enough resources, people go hungry, medical capacity just doesn't do the job, and people die. In the end, that's why economics really matters, it's about real human lives.

- two final concepts that are fundamental to economics, namely productivity and its flip side, specialisation. Production is taking the resources that are available, and making them into the kinds of goods and services that sustain and enrich human life. Productivity is the efficiency with which we do that. If 10 acres of land produce enough food for 5 people every year when you simply plant them all out, but the same amount of land produces enough food for 10 people if you divide it into 3 parts and rest one section every year to ensure its long term usefulness, then what you have is an increase in productivity, and that makes sense. But if it turns out you own some really good sheep, and your land is perfect for sheep, and you can graze sheep and get the wool and milk and carcasses and sell all of that for enough money to buy food for 20 people, or if there are only 10 of you in the family, then you will buy your food and then a couple of flat screen TV's, say, and live it up. In other words, what you will do is specialise, ditch plants and head into sheep. Of course, instead of simply blowing it on flat screens, what you might do is look next door, and see that the land there is also good for sheep, but your neighbour doesn't get that, and so you make an offer for his land, an offer too good to refuse, and now you've got 20 acres of land, which you run sheep on and earn an income enough for 40 people. The problem is that the 10 people in your family aren't enough to work 20 acres of land, and so you need some help, either a partner who will share the profits, but also share the risk of foot and mouth disease and drought, or some employees, say your neighbours. So now you are producing enough for 40 people, to be shared between the 10 of you and the 15 neighbours, since you no longer want to work as hard, but like playing on your play station etc etc.

- Now, just by way of contrast, imagine that instead of owning their land, the family was a family of serfs, whose consumption was entirely disconnected from their production. The lord of the manor got everything produced by the land, and

the serfs, got their weekly handouts at a subsistence level. Suddenly the whole dynamic changes, and there's no real incentive to shoot for technological advances like the 3 part agriculture, and you can't make decisions about consumption or re-investment, and you can't hire labour and so the whole thing fails to get off the ground.

- of course, what I've tried to do right then is to paint a picture of a more specific form of economic activity, that is capitalism, and then contrast it with a command economy. A capitalist economy is when this business of production and consumption is done in the context of a particular system, done in a particular manner. If you ask a year 9 school kid, What is capitalism?, they will probably say something like, 'capitalism is the economic system which involves the private ownership of the means of production.' That's not bad, although it's a little more complex than that - you see the elements in my little story – the family owns some land, they have freedom to work it, and to make decisions about it, which they do in a rational and ordered manner, able to sell their products to others for an agreed price, and in particular able to utilise a hired workforce, and entitled to keep the profits they earn. It's these core elements, ownership of property, freedom of markets including the labour market, guided by a rational approach to investment which leads inevitably to specialisation, that unlocks the capitalist productivity of resources, and therefore drives upwards the whole spiral of production and consumption, or what we call the standard of living. In a moment, we'll drill down into these foundations further, to expose what one author has called the *Mystery of Capitalism*.

- for the moment though, I want to introduce you to 2 books which trace the emergence of capitalism and, *The Victory of Reason*,: How Christianity led to freedom, *Capitalism and Western Success*, sociologist Rodney Stark brilliantly

unfolds the historical emergence of capitalism throughout the second millennium. Stark is a stirrer and loves to expose sloppy thinking and easy assumptions. His particular target here is the view that capitalism as the economic system of a whole community only began in the 18th and 19th centuries with what is called the Industrial Revolution. He shows that the cultural and intellectual foundations for capitalism reside in Christianity and no where else, which is why capitalism emerged in medieval Christian Europe and no where else, despite the fact that many other cultures have at different times been wealthier and more technologically advanced.

- in particular, it was the great northern Italian city states of Venice, Genoa, Florence and Milan that for the first time in history capitalism flourished and led to the wealth of state, the health of its people and the size of its population. Just a couple of examples, through the engagement in commerce by families of noble status but with no rural estates to support them with rents, (remember the geography of Venice), it became the first society in history to live by trade alone, and for 500 years, enjoyed a rapidly expanding economy that resulted in both great fortunes for some, as well as undreamed of affluence to nearly everyone in the city. By the end of the 13th century, Genoa, with a population of 50,000, was one of the largest cities in Europe, in one year producing by sea trade alone nearly 4 million Genoese pounds, which was 10 times the total annual income of the French royal treasury. What powered the remarkable economic growth, what sustained the greatly increased populations, and lead to far higher standards of living for these cities for a temporary period was organising their production and consumption of goods and services, that is their economy, in a manner based on ownership, freedom and rationality.

- Stark goes on to trace the spread of capitalism north to Holland, or what were then called the Low Countries, and eventually to England, whereas it completely failed to take root in Spain and France, since those 3 foundations for capitalism, ownership, freedom and rational planning were absent, with the corresponding stagnation and decline in living standards in those countries. And of course, from Holland and England to the colonies of New England, and the eventual emergence of the United States as the world economic powerhouse.

- it's William Bernstein that picks up the more recent story in his book, *The Birth of Plenty: How the prosperity of the modern world was created*. Bernstein's starting point is what he calls the "greatest story ever told" – the economic birth of the modern world. He references the remarkable statistical work of Scottish economist Angus Maddison, to show that 1820 marks a stunning turning point in the economic history of the world. For the entire of the first millennium, economic growth was virtually zero, producing barely enough to sustain the population. For the next 800 years, things were hardly different, with very slight economic growth allowing for very slight increases in the population. Of course, this is the famous Malthusian trap – that "the power of population is infinitely greater than the power of the earth to produce subsistence for men"; and so even when agricultural production rose, population rose along with it at an even greater rate, resulting in no net gain and meaning that human existence was doomed to near subsistence level.

- it's important to get a sense of the significance of this. We live lives of such unimaginable luxury, that it's easy for us to despise the benefits we have received. Bernstein described pre-capitalist life as follows: "Most people lived in tiny villages and worked small adjacent fields ... Everyone, from toddlers to the aged, performed back-breaking field work, usually unaided by the plough. Until ad 900

it was the rare peasant who could afford to harness horses and oxen with collars for fieldwork. The squalor of medieval dwellings was unimaginable. According to the greatest of all Renaissance humanists, Erasmus of Rotterdam, ‘Almost all the floors are of clay and rushes from the marshes, so carelessly renewed that the foundation sometimes remains for 20 years, harbouring there below spittle and vomit and wine of dogs and men, beer ... remnants of fishes and other filth unnameable. Families slept together on one foul bed, and chimneys were almost unknown. Soot covered the walls of all but the newest huts. Lack of proper exhaust resulted in house fires that brought roaring death to large numbers of villagers, particularly women... These past few paragraphs describe the circumstances of peasants who were relatively well off.’ IN fact, Bernstein estimates this was the lot for 90% of Europeans and 100% of Asians, who were engaged in agriculture in the medieval period.

- Malthus wrote at the very end of the 18th century, and ironically, it was in the last years of his life that for the first time in human history, populations broke free from this straight jacket. The change is dramatic.

- [draw graphs on pp.18–19 on the board.]

- Bernstein identifies 4 factors as underpinning this remarkable global turnaround: property rights, scientific rationalism, capital markets and communications and transportation, which for the first time in world history appeared together in England and its colonies in a sustained way around 1820. In other words, a fully functioning capitalist economy. Now, of the 4 factors identified by Bernstein, the last 2 are really just developments of the first 2 – capital markets are a direct function of property rights and since a capitalist economy will always lead to invention, better forms of transport and communication were inevitable.

2. The results of global capitalism

- Stark and Bernstein trace the development of capitalism. I want now briefly to look at the outcome of capitalism, and for this to make use of the work of Indur Goklany, one of the leading experts on globalisation and environmental issues. In particular, his book “The improving State of the world: Why we’re living longer, healthier more comfortable lives on a cleaner planet”, pulls together remarkable and extensive research, mainly UN based, to paint a picture of where this productive explosions has taken us. And as we go through this, remember that we are talking about real people.

Goklany’s conclusion is that for billions of people around the world, these are the best of times to be alive, and that on every objective measure of the human condition — be it life expectancy, food availability, access to clean water, infant mortality, literacy rates or child labour — well-being and quality of life are improving around the world. From Beijing to Bratislava, more of us are living longer, healthier and more comfortable lives than at any time in history; fewer of us are suffering from poverty, hunger or illiteracy. Pestilence, famine, death and even war, the Four Horsemen of the Apocalypse, are in retreat, thanks he says, to the liberating forces of capitalism and technology.

Humanity has never been better fed: the daily food intake in poor countries has increased by 38 per cent since the 1960s to 2,666 calories per person per day on average. The population of those countries has soared by 83 per cent during that time, making the improvement all the more remarkable.

Together with a 75 per cent decline in global food prices in real terms in the second half of the 20th century, caused by improved agricultural productivity and freer trade, fewer people than ever before are going hungry. The rate of chronic undernourishment in poor countries has halved to 17 per cent, compared with a little over a third 45 years ago. In wealthy countries, the cost of essential foods has collapsed, with the price of flour, bacon and potatoes relative to incomes dropping by between 82 and 92 per cent over the past century; similar trends are now visible in developing countries too.

There is still a long way to go; but never before in human history have so many people been liberated from extreme poverty so quickly. The number of people subsisting on \$1 a day has declined from 16 per cent of the world population in the late 1970s to 6 per cent today, while those living on \$2 a day dropped from 39 per cent to 18 per cent. In 1820, 84 per cent of the world's population lived in absolute poverty; today this is down to about a fifth. Famine and declining life expectancy are problems now limited to the small number of countries unfortunate enough to continue to suffer from horrendous misgovernment or which persist in rejecting capitalism and globalization. There is only one way to ensure that the most deprived in the poorest countries are fed and clothed: their governments must embrace the market economy, strong property rights, sound money, free trade and technological progress. That is the only road to higher economic growth; and increased wealth is the prerequisite to better living standards.

To see how far we have come, consider that anyone born in Britain during the Middle Ages would have been exceptionally lucky to live to see their 30th birthday. The average person could expect to live only to the age of 22, before succumbing to disease, injury or famine. By 1800, thanks to the Industrial Revolution, life expectancy in Britain had climbed to 36 years, then the highest

ever seen but less than the life expectancy enjoyed today in even the most war-torn and deprived countries. By the 1950s the average Briton could expect to live to the age of 69; today this has increased to almost 78 years.

Life expectancy in poorer countries has improved even faster. In China it has surged from 41 years in the 1950s to 71 years today; in India it is up from 39 years to 63 years, almost doubling the average lifespan of 2 billion people. In 1900 average life expectancy around the world was a mere 31 years; today it is 67 years and rising.

Just as remarkably, the gap between poor and rich countries has been shrinking fast. By the early 1950s a child born in a wealthy country such as Britain could expect to live 25 years longer than a child born in a poor country such as Algeria; today accidents of birth matter far less. The gap has closed to 12.2 years, thanks to diffusion and transfer of public health practices and medical advances pioneered in the West.

We are not only living longer; we are also living healthier lives, in poor as well as in rich countries. Disability rates in the leading developed countries have declined strikingly and the onset of chronic diseases has been significantly delayed during the course of the past century — by nine years for heart disease (despite increased obesity), by 11 years for respiratory disease (despite smoking) and by nearly eight years for cancer.

All of these and other improvements to well-being have come despite a hundredfold increase in the use of man-made chemicals, countering the oft-repeated claim that pollution, urbanization and modernity have made life more dangerous. In truth, before industrialization, at least 200 out of every 1,000

children died before reaching their first birthday. Infant mortality globally is now down to 57 per 1,000, thanks to huge strides made in nutrition, hygiene and medical care in the developing world.

Children are not only much more likely to survive infancy; they are also far more likely to spend their childhood in school. Child labour, while still all too prevalent, has been in steady decline for years. In 1960 a quarter of all children aged ten to 14 were in work, a share which has fallen to a tenth today. Partly as a result, the global illiteracy rate has declined from 46 per cent in 1970 to about 18 per cent today.

- remember, these are real people. Massive improvement, unimaginable standards of living, jumping out as from 1820. So don't cringe any more at the word capitalism, think of millions of people not starving to death. The point is this. We live in a world in which a quarter of the world still lives in abject poverty. That is both remarkable and tragic. It's remarkable because 200 years ago, essentially 100% of the world lived at a subsistence level, and that over the last 200 years one thing has released those billions of people from that fate – a better organized and more productive economy, inspiring technological advance and massively increased standards of living. It is tragic because the job is not yet completed, and there is still a great deal to be done. The question of course is, what is the way forward? What is to be done for those who still live from hand to mouth.

- Hernando De Soto is President of the Institute for Liberty and Democracy in Peru, and has written what has been described by many leading economists as a work of seminal genius: the *Mystery of Capital: Why capitalism triumphs in the west and fails everywhere else*. Time magazine has named him as one of the 5 leading Latin American innovators of the 20th century. The basic argument of the

book is that we have misunderstood what capital is. According to De Soto, the mystery of capital is that, contrary to almost everything that is written in economic text books, capital it is more than property, or money or the means of production. Those things are mere assets or wealth, but assets and capital are not the same. One of the most remarkable things De Soto does is to detail the net worth in terms of assets of developing nations. “Most of the poor”, he says, “already possess the assets they need to make a success of capitalism.” He goes on to say that the value of savings alone among the poor of the world “is in fact immense – forty times all the foreign aid received throughout the world since 1945.” He gives the example of Egypt: “The wealth that the poor have accumulated is worth 50 times as much as the sum of all direct foreign investment ever recorded there, including the Suez Canal and the Aswan Dam. In Haiti, the poorest nation in Latin America, the total assets of the poor are more than 150 times greater than all the foreign investment received since Haiti’s independence from France in 1804. If the Unites States were to hike its foreign aid budget to the level recommended by the United Nation – 0.7% of national income – it would take the richest country on earth 150 years to transfer to the world’s poor resources equal to those they already possess.”

- according to his research, the total value of the real estate owned either formally or informally by the world’s poor is in fact \$9.3 trillion – about twice the total circulating money supply in the U.S., the total value of all the companies listed on the stock exchanges of the world’s 20 most developed countries, more than 20 times the total direct foreign investment into al Third world and former communist countries in the last decade of the 10th century. Do you see the point? The problem in the remaining 25% of the world is not that they lack wealth or assets. They have trillions.

- as an aside, I suspect that this is why foreign aid has almost zero effect on alleviating poverty, and may in fact make things worse. William Easterly is a professor at New York University and a senior fellow at the Center for Global Development. Easterly spent most of his career as an economist at the World Bank. He had to leave that job after publishing his iconoclastic 2001 book, "The Elusive Quest for Growth," which combined a history of economists' growth theories with a devastating empirical analysis of the failure of international efforts to spur third world development. In his book, he demonstrates that foreign aid has no positive impact on economic growth in the poorest nations;; he comments on the tragedy of the West's efforts over the last 50 years:

" the tragedy in which the West spent \$2.3 trillion on foreign aid over the last five decades and still had not managed to get 12-cent medicines to children to prevent half of all malaria deaths. The West spent \$2.3 trillion and still had not managed to get \$4 bed nets to poor families. The West spent \$2.3 trillion and still had not managed to get \$3 to each new mother to prevent five million child deaths." The West is not stingy. It is ineffective.

- so where does effectiveness lie? What is the difference between assets, which the poor of the world have by the trillion, and capital? De Soto says the difference lies in the mystery of capital. The mystery of capital is that assets have both an actual meaning and significance, and a potential meaning or significance. The actual meaning of a house is that it keeps the rain out; its potential meaning and significance is that it can be transformed into the security for a loan, which will enable a person to buy a small factory and therefore both produce more things as well as keep the rain out – the house then has a dual function. De Soto compares it to a lake – it is a body of water that quenches the thirst of animals, but it is also an enormous potential. If you can find a way to concentrate the lake's potential energy, and turn turbines, then the lake produces a whole additional thing, massive

electricity. We know how to turn the potential of lakes in actual energy; it is less clear how to turn the potential of assets into capital energy. De Soto says, the single thing that does that is property rights. It's property rights that fix and give form to the potential of assets and make them available as capital. And it's not assets, but property rights, a legal and cultural system that makes the ownership, transfer and use of assets into capital that developing countries lack.

- De Soto outlines the legal framework of many of the poorest countries, and shows how dead the assets of those countries are. In Peru, he tried to set up a legal garment workshop for 1 worker. To register the company took an entire year, and cost \$1200, 31 times the monthly minimum wage. To get authorization to build a house takes 7 years, requiring 207 steps in 52 government offices, to get a legal title for that piece of land took 728 steps. To formalize property in the Philippines takes between 3-25 years and 168 steps; to gain access to desert land in Egypt for construction purposes takes 6-14 years, requiring 77 steps in 31 government departments. To buy a block of land in Haiti takes 19 years.

- do you see De Soto's argument – what makes assets useful, productive, is turning them into capital, but turning them into capital depends on a legal and cultural framework that enables the value and title to those assets to be objectively fixed and transferable. It is the lack of that framework that prevents the world's poorest joining the rest of the world in escaping the subsistence poverty that has been human experience until the last 20 years. Even more significant is the fact that De Soto shows how it was only recently that the West was in the same state as the Developing world; in other words, according to De Soto, the single most significant thing that can be done to improve the lot of the poorest 25% of the world is to provide for those countries effective legal and property systems. What is so hard about that?

- actually, a great deal. Laws are the expression of a culture, and it is only cultures of freedom that produce laws which allow assets to be transformed into capital, with all the consequent economic growth. And freedom is a rare and precious cultural commodity, a freedom which respects the dignity and rights of people, rights to their person, so that they can't be imprisoned, enslaved or killed; rights to products of their person, so that what they own can't be confiscated or appropriated; in other words, freedom from tyranny.

- in his sociological and historical work, Rodney Stark says that it is Christianity that has played the key role in creating cultures of freedom, providing the moral and intellectual basis for experiments in political freedom. It is this freedom that underpins the legal framework that emerged particularly in England, starting with the Magna Charta, receiving significant explication in John Locke, whose entire thesis concerning political freedom was explicitly based on Christian doctrines of moral equality.

- Michael Novak in his book *The Spirit of democratic capitalism*, goes one step further. He analyses what he calls the spirit of capitalism. He identifies this spirit with a steadfast refusal to impose any one vision of human order on people. Of course, this is often levelled at capitalism as a criticism – that capitalism is amoral, that it has no vision, no centre. But this is deliberate. In a genuinely pluralistic society, one which recognises the freedom and rights of others, there is no sacred single vision of human meaning and order. Novak comments: “At its spiritual core, there is an empty shrine. That shrine is left empty ... Its emptiness, therefore, represents the transcendence which is approached by free consciences from a virtually infinite number of directions ... Believer and unbeliever, selfless and selfish, frightened and bold, naïve and jaded, all participate in an order whose

centre is not socially imposed ... Democratic capitalism respects this transcendence by limiting its own reach.”

- let me sum up the argument so far, and then answer the question – what I’ve tried to lay out for you is that fact that one particular form of economic organization, capitalism, has in the societies that have adopted it led to something previously unthinkable – the elimination of real material poverty as a significant problem. The mystery of capital and of capitalism is the legal framework that provides for property rights, and the philosophical and cultural underpinnings of property rights is freedom, freedom of ownership, freedom from the tyranny of having any one social vision imposed on a society. It is Christianity that has provided this philosophical basis, which is why it is in Christian countries that capitalism has emerged.

- it’s in this context that Stark says, learn the lessons of history. And so he goes on: “It seems doubtful that an effective modern economy can be created without adopting capitalism, as was demonstrated by the failure of the command economies of the Soviet Union and China. The Soviets could get rockets into orbit, but they couldn’t reliably get onions to Moscow. As for China, millions had to die to prove that collectivised agriculture is unproductive. Today ... both Russia and China now seek to build capitalist economies. It remains to be seen whether either nation can provide freedom, without which effective capitalism is impossible. Indeed, for want of both freedom and capitalism, Islamic nations remain in semi-feudalism, incapable of manufacturing most of the items they use in daily life.”

Then he asks the big question: “But if modernisation still requires capitalism and freedom, what about Christianity?” In other words, since it’s Christianity that has provided the foundations for freedom and therefore capitalism, is it possible to

have the edifice without the foundations? To answer his question, he quotes a leading scholar from one of China's premier academic research institutes, the Chinese Academy of Social Sciences (CASS) in Beijing, in 2002: "One of the things we were asked to look into was what accounted for the success, in fact, the pre-eminence of the West all over the world. We studied everything we could from the historical, political, economic and cultural perspective. At first we thought it was because you had more powerful guns than we had. Then we thought it was because you had the best political system. Next we focussed on your economic system. But in the past 20 years, we have realised that the heart of your culture is your religion: Christianity. That is why the West is so powerful. The Christian moral foundation of social and cultural life was what made possible the emergence of capitalism and then the successful transition to democratic politics. We don't have any doubts about this."

Conclusion: So, does God believe in capitalism.

- so, finally, does God believe in capitalism? What's interesting about the question is that it opens up the different ways we use the phrase 'believe in'. If you mean, does God believe in capitalism in the sense, does God believe that capitalism exists?', then the question is trivial – of course God believes capitalism exists, but that hardly says anything important, in the same way that someone believing in God in the sense of believing that God exists hardly says anything important – it's just pretty obvious, obvious enough that 99% of all human beings have believed it.
- no, what the question is getting at is the issue of commitment, does God believe in capitalism in the sense that God is entirely loyal to capitalism. Is capitalism the Christian form of an economy?

- now that is a far more powerful and important question, because if God is committed to it, then so should you be. And if that is the question, I think the answer must be an emphatic no, along with a softly spoken maybe.

- first the emphatic no – the fact is, capitalism is an artefact of creation, and human construction and as such stands under the royal and perfect scrutiny of God. God stands over his creation in judgment and in salvation, not under it in faith. What's more, as we saw right at the start, economic activity is the consequence of scarcity, and the future that God has for his world is one of utterly profligate abundance. You know the phrase, pearly gates. It comes from a gloriously metaphorical scene which depicts the world as it will be when god fixes it up. Pearls were the rarest and most precious of stones in the ancient world, but in this picture, the pearls are enormous, great big gates, and common as mud; it gets even better, the streets are paved with pure gold – this is what has become of gold, it is the kind of thing that horses crap on. You see the point, God's glorious destiny for his world and his people is one of utterly opulent abundance, where making a living won't be a struggle, something to be exacted by the sweat of brow in competition with others; there may be economics, that is production and consumption, but it will be a completely unknown and unimaginable kind of economics, not the economics of scarcity but the economics of abundance. It may be based on capital, but not capital as we know it!

- but second, it's worth noting that it's a lot less an evil than some others. Indeed, if Goklany's figures and De Soto's analysis are correct, it is entirely possible that via capitalism more and more countries can eliminate real material poverty as a significant problem in their societies. And that is of interest to God. In one of his

letters to his young protégé Timothy, the Apostle Paul wrote this as the reason he wants Christian churches to pray for the various political authorities in their areas;

“so that we may lead a quiet and peaceable life in all godliness and dignity. This is right and is acceptable in the sight of God our Saviour, who desires everyone to be saved and to come to the knowledge of the truth” 1 Tim 2.2–3.

You see the point – what God is really interested in, committed to, passionate about, is people being saved by coming to a knowledge of the truth. What’s more, he goes on and outlines that truth:

“for there is one God, and one mediator between God and humankind, Christ Jesus, himself human, who gave himself a ransom for all.” 1 Tim 2.5–6

- this is the truth, it’s about Jesus, who put himself where we belong, on that cross, so that he can put us where he belongs, as the loved, blessed children of God. The fact is, however, that if people live in an environment that is not quiet and peaceable in all godliness and dignity, then there is much less chance that they will be able to hear the truth at all. If they live in conditions of desperate material poverty, or of the breakdown of the rule of law, or if they are in permanent grief due to the death of yet another child, then as Maslow would tell us in his needs hierarchy, all our attention is fixed on getting enough to eat and drink and someone dry to sleep. In other words, since it is capitalism that is likely to ensure for more people more of the time that they can live decent and dignified lives, then yes,

- so pragmatically, God finds capitalism useful. That’s the first answer to our question. But second, at the level of principle, I think it would also be true to say that of all the ways we can function economically, capitalism offends least against

human nature as God created it, and least attempts to replace God at the centre of human life. It respects human nature by giving fundamental expression to the freedom that we are as persons; free to make choices as we see fit, free to pursue life as we conceive it to be, and that includes freedom from tyranny over my possessions by others. And at the same time, therefore not imposing any particular vision of how human life ought to be lived on people.

Does God believe in capitalism as the solution to the world's problems – no of course God doesn't believe in capitalism; God believes in Jesus as the solution to the world's problem. Not just a band aid kind of solution, a temporary fix until things inevitably decline, like every single solution we can come up with – we can't come up with a solution to death, but Jesus has got one – it's called resurrection, and it's coming to a church near you this Sunday. No, God doesn't believe in capitalism, he believes in Jesus, but in my judgment, he finds capitalism a useful temporary measure, a lesser of evils when it comes to feeding people, having people live longer, having fewer babies die, and for people to live healthier lives. Those are goods in themselves, but their greatest excellence is that they enable people to live peaceable and dignified lives, and so to take the time to investigate the claims of Jesus, the mediator between God and humankind, and put their trust in him.

- that's where this needs to find its point of relevance to you – you see, in a sense, it's all hypothetical for you. You live a peaceable and dignified life, precisely because you are the beneficiary of the most productive economic engines in the history of the world. You are amongst the healthiest, best educated, longest lived, wealthiest, safest, freest .01 of 1% of people in all of human existence. As you sip you latte this afternoon, listen to your iPod, decide whether to eat chicken or beef from the freezer, sleep in a warm bed under manufactured sheets, having flushed

your toilet and brushed your teeth with water you got by turning on a tap and that has been treated with fluoride to make sure your teeth don't rot – as you do all that, no one has less excuse than you for finding out about the deeper things of life than merely surviving – ask about meaning, ask about death, ask about eternity, ask about God, investigate the resurrection of Jesus as the turning point of all his claims.