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THE MYTHS CHRISTIANS BELIEVE ABOUT WEALTH AND POVERTY

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In the twentieth-century battle between communism and capitalism, capitalism won. Except for preachers of the misguided “prosperity gospel,” however, many of us still worry about capitalism. Some of our qualms stem from our everyday experience of greedy bosses and the rampant consumerism we see around us, or from our frustration that poverty continues to exist even in the United States. Some of our concern comes from fraud in companies such as Enron and some comes from the biases of media and academics, which more often than not are still hostile to free market ideas.

In my experience, however, most of the problems Christians have with capitalism derive from believing eight myths about the system. Although explaining them fully requires a book,¹ it’s possible to summarize the basic ideas.

You’ve probably asked questions like: *Can’t we build a just society? What does God require of us as Christians? Doesn’t capitalism foster unfair competition? If I become rich, won’t someone else become poor? Isn’t capitalism based on greed? Has Christianity ever really embraced capitalism? Doesn’t capitalism lead to an ugly consumerist culture? Do we take more than our fair share? That is, isn’t our modern lifestyle causing us to use up all the natural resources?* These are all good questions. To get the right answers, though, you have to avoid the eight myths.

THE NIRVANA MYTH

The Nirvana Myth is comparing capitalism with an unrealizable ideal. It’s not simply the belief that good will triumph in the end or the belief that the kingdom of God is already present—though not yet fully realized—in history. It’s the delusion that we can build utopia on our own if we try hard enough. It makes every real society look intolerably wicked, since no real society can measure up to utopia. Without this myth, the popular but deadly communist experiments of the twentieth century could never have gotten off the ground.

When we ask whether we can build a just society, we need to keep the question nailed to solid ground: “just” compared to what? It doesn’t do anyone any good to tear down a society that is “unjust” compared to the kingdom of God, if that society is *more* just than any of the ones that will replace it. If you compare capitalism with the live alternatives, however, capitalism wins hands down.

THE PIETY MYTH

Spiritually, you’re better off a little mixed-up about economics than indifferent to human suffering. Economically, though, only what you do is important, whatever your reason. As the French philosopher

Etienne Gilson famously said: “Piety is no substitute for technique.” In the Piety Myth, we mistakenly focus on our good intentions rather than on the real and often unintended consequences of an act or policy. Well-meaning people have supported all manner of bad policy — price and rent controls that create shortages, high minimum wage laws that harm the poorest of the poor, foreign aid that funds dictators — for noble motives. The motives didn’t change the results.

“The art of economics,” said economic journalist Henry Hazlitt, “consists in looking not merely at the immediate but at the longer effects of any act or policy; it consists in tracing the consequences of that policy not merely for one group but for all groups.”² If we want not just a heart for the poor, but also a mind for the poor, we first have to learn the art of economics.

THE ZERO-SUM GAME MYTH

There are three kinds of games: win-lose, lose-lose, and win-win. Win-lose games, like basketball, are sometimes called “zero-sum games.” When the Celtics and the Bulls compete, if the Celtics are up, then the Bulls are down, and vice versa. The scales balance. It’s a zero-sum.

Besides lose-lose games, which most of us avoid, there are positive-sum, or win-win, games. In these games, some players may end up better off than others, but everyone ends up at least the same if not better off than they were at the beginning.

Millions of people think that the free trade in capitalism is a dog-eat-dog competition, where winners always create losers. This is the zero-sum game myth, which leads many to think that the government should somehow redistribute wealth. While some competition is a part of *any* economy, of course, an exchange that is free on both sides, in which no one is forced or tricked into participating, is a win-win game. When I pay my barber \$18 for a haircut, I value the haircut more than the \$18. My barber values the \$18 more than the time and effort it took her to cut my hair. We’re both better off. Win-win.

THE MATERIALIST MYTH

A similar myth leads people to think of the economy as some fixed amount of material stuff — money in safes or gold bars in a vault. Since two firms competing for one customer can’t both get the customer’s money, we might think the whole economy looks that way: wealth itself isn’t created, it’s merely transferred from one party to another.

A common image of this “Materialist Myth” is a pie. If one person gets too big a slice, someone else will get just a sliver. To serve it fairly, you have to slice equal pieces.

This isn’t how a free economy works, however. Over the long run, the total amount of wealth in free economies *grows*. We can create wealth that wasn’t there before. The “pie” doesn’t stay the same size. Under capitalism, someone can get wealthy not merely by having someone else’s wealth transferred to his account, but by creating new wealth, not only for himself, but for others as well.

THE GREED MYTH

Friends and foes of capitalism often claim that it is based on greed. Writer Ayn Rand even claimed that selfishness is a virtue (see the accompanying feature article). But greed is one of the seven deadly sins. If capitalism is based on it, then Christians can’t be capitalists.

In truth, Adam Smith and other capitalist thinkers did not believe this “Greed Myth.” Rather, Smith argued that capitalism, unlike static economies, channels even greedy motives into socially beneficial outcomes. “In spite of their natural selfishness and rapacity,” Smith wrote, business people “are led by an invisible hand...and thus without intending it, without knowing it, advance the interest of the society.”³

Rather than inspire miserliness, capitalism encourages enterprise. Entrepreneurs, including greedy ones, succeed by delaying their own gratification, by investing their wealth in creative but risky ventures that may or may not pan out. Before they ever profit, they must first create.

In a fallen world, we should want an economic system that not only channels greed into productive purposes, but unleashes human ingenuity, creativity, and willingness to risk as well.

THE USURY MYTH

In several places, the Bible condemns charging interest on money. In Exodus 22:25, for instance, God tells the Hebrews: “If you lend money to my people, to the poor among you, you shall not deal with them as a creditor; you shall not exact interest from them.” So for centuries, Christians, along with pretty much every traditional culture, forbade charging interest on money loans.

Eventually, however, the West developed banking systems that allowed banks to lend money that had been deposited. They charged interest because the loans were risky and prevented the bank from using the money for other purposes. The banks also paid interest to the depositors for the risk they assumed. This system allowed wealth to be created much more quickly than it had been before. Christians eventually realized that such loans were different from an ancient Hebrew charging interest to his poor kinsman on money that wasn’t doing anything anyway. The sin of usury involves exploiting someone in her poverty, like loan sharks do, and doesn’t describe modern business loans.

Still, some Christians continue to treat banking, and any work with money, as if it were the root of all evil. That’s the usury myth. The *love* of money is the root of all evil, not money itself (1 Tim. 6:10).

THE ARTSY MYTH

Many Christians hear “capitalism,” and they think “ugly.” They assume that capitalism leads to the “commodification of everything,” as Jim Wallis puts it—which turns “all values into market values, gutting the world of genuine love, caring, compassion, connection, and commitment for what will sell, for example, on a television show.”⁴

The real problem here is not capitalism *per se*, but consumerism. When people identify capitalism with consumerism I call it the “Artsy Myth.” Consumerism is a form of gluttony, even idolatry, in which we make food, drink, and stuff our highest loyalty.

The sorry symptoms of consumerism aren’t unique to capitalism, however. Rather, they derive mostly from the materialist worldview that seems to be everywhere.

Moreover, thinkers as diverse as Karl Marx and Max Weber have understood that what sets capitalism apart is not consumption. Consumption is part of every human life and economic system. Capitalism requires that not all wealth be consumed, but that some be saved, risked, and invested. That means that consumerism is, in the long run, contrary to capitalism.

THE FREEZE-FRAME MYTH

The freeze-frame myth involves believing that things will always stay the same. For instance, many of us worry that since there’s a finite amount of oil, at some point we will run out if we keep consuming it at current rates.

That won’t happen. Supply, demand, and human creativity will see to that. Long before oil becomes really scarce, oil prices will rise so high that it will no longer be an economical form of energy. That high price will encourage inventors and entrepreneurs to seek out new forms of energy to replace oil. This is what has happened historically with every resource. We will always need energy, of course, but we won’t always use the same source of energy.

Also, we should remember that few resources are resources without human input. Oil was just an irritating pollutant until we realized it contained lots of energy, figured out how to refine and store it, and invented machines that could use it. We don't just use resources; using the raw materials God has created, we create new resources.

Over time, the matter in a material resource matters less than the mind that transforms it—manure into fertilizer, oil into gasoline and kerosene, sand into computer chips and fiber optic cables, light into lasers. As economist Julian Simon once said, man is the “ultimate resource.” This is perhaps the greatest truth of economics.

The problems with all these myths are easy to get. They're also easy to forget. Learn them, however, and you'll not only avoid policies that do more harm than good; you'll understand why a good Christian can also be a good capitalist.

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NOTES

- 1 See Jay W. Richards, *Money, Greed, and God: Why Capitalism Is the Solution and Not the Problem* (New York: HarperOne, 2009).
- 2 Henry Hazlitt, *Economics in One Lesson* (New York: Three Rivers Press, 1979), 17.
- 3 Adam Smith, *The Theory of Moral Sentiments*, Part IV, chap. 1.
- 4 Jim Wallis, *God's Politics* (San Francisco: HarperSanFrancisco, 2005), 355.