

The Financial Seminary

IN COOPERATION WITH WILLOW CREEK'S GOOD \$ENSE MINISTRY
SPIRITUAL ECONOMICS FOR AMERICA'S CHURCHES, MINISTRIES, COLLEGES & SEMINARIES

CLASS TWO
FORWARDING IS ENCOURAGED



Salvation: A) Liberal/Socialist; B) Conservative/Capitalist; or C) Neither?

“Only compassion can save--the wordless knowledge of my own responsibility to whatever is being done to the least of God’s children. That is knowledge of the spirit.”

Peter Drucker

In last month’s article, I mentioned that contrary to conventional wisdom, it was the earning of interest (Ex 22:25) and not debt itself (Lk 6:35) that was forbidden by the Bible. Yet Christianity has long been mixed with other ideas that germinated in three soils of the Middle East: Greek, Roman and Judaic.

Most Greeks, like Plato, were socialists, or communists. Today, they’d favor governmental health care, Social Security and go under the label of “liberals.” The Romans, like Cicero, were “conservative,” believing the only true role of government was to protect wealth with large armies. Today they’d also favor the FDIC, Homeland Security and border fences.

But the economic thought of Israel transcended both human approaches by claiming God owns wealth and we stewards should manage it with Judeo-Christian morality.

Faith & Wealth by Justo Gonzalez says those three ideas begat three different ideas about the earning of interest, and therefore capitalism. He quotes Socrates as saying the wealthy “do not want to prohibit the extravagance of the young (as their intention is to make loans to such imprudent people...The money makers continue to inject the toxic sting of their loans wherever they can, and to ask for high rates of interest.” Apparently the Greeks allowed the earning of interest but considered it morally dubious. Then Gonzales wrote: “All the great writers of Roman antiquity are conservative (and since the earliest of times, the maximum rate had been fixed at 1% simple interest per month, and this was generally the legal limit throughout the history of Roman legislation.” As the Christian scriptures attest, Romans weren’t noted for loving their neighbors, in either taxation or charging interest. C.S. Lewis confirmed Gonzalez’s perspective when he wrote these words in *Mere Christianity*:

“There is one bit of advice to us by the ancient heathen Greeks, and by the Jews of the Old Testament and by the great Christian teachers of the Middle Ages, which the modern economic system has completely disobeyed. All these people told us not to lend money at interest; and lending at interest--what we call investment--is the basis of our whole system [capitalism]...It does not necessarily follow that we are wrong. That is where we need the Christian economist. But I should not have been honest if I had not told you that three civilizations had agreed in condemning the very thing on which we have based our whole life.”

The Roman Catholic Church forbade earning interest until around 1500 AD. It was actually the Protestant Reformers who morally legitimated the earning of interest, *provided*: 1) interest did not exceed 5% annually; 2) the loan was for productive uses and not consumer purposes; and 3) borrower and lender shared the risk equally. That change in moral thought helped legitimate banking, and therefore capitalism. Yet the Reformers continued to insist on interest-free loans to the poor, who needed consumer loans. And Luther taught: “Money lenders who do not want to put up with these terms are as pious as robbers and murderers.”

The Puritans brought that morality to America. In *God and Mammon in America*, Robert Wuthnow of Princeton tells the story of a Puritan merchant named Robert Keayne. In 1639, Keayne was thrown out of the First Church of Boston and was tried by the Commonwealth for dishonoring the name of God. His sin? Greed. He was earning 6%, 2% too much!

Legendary mutual fund manager John Bogle recently began his book *Enough* with this quote: “The people who created this country built a moral structure around money. The Puritan legacy inhibited luxury and self-indulgence...Over the past thirty years, much of that has been shredded.” Doug Meeks, who authored *God the Economist*, believes the church helped to shred that ethic. He wrote: “The way stewardship is practiced in North has little to do with the Bible,” explaining Andrew Carnegie taught us we can earn greedily if we give generously. So some of the most notorious CEO’s of recent

years--such as Ken Lay of Enron , Bernie Ebbers of Worldcom, and Richard Scrushy of Health South--were highly visible CEO's who gave substantial monies to churches and ministries.

The summer edition of the quite conservative *Claremont Review of Books* confessed other conservatives have consciously worked to keep God out of business and in the collection plate: "Many of the most visible capitalist intellectuals--giants like Milton Freidman, Fredrich Hayek, and Ludwig Von Mises--embraced a new moral case for capitalism that decisively rejected the old one [which was] based on the natural and divine significance of the individual. This new moral case was, either explicitly or implicitly, utilitarian and anti-metaphysical."

Freidman, for example, once wrote, "The church tends to believe it should exercise control not only over the spiritual realm but also over the material realm, and that's where all the difficulties arise." In *Post-Capitalist Society*, Peter Drucker pointedly termed as "futile" Freidman's famous dictum that the only social responsibility of a business is to make money, implying we can forget the second Great Commandment if we incorporate, or join any organization I suppose. So our credit crisis and recession were caused precisely by both investment banks and government agencies forgetting the Judeo-Christian ethic and foolishly believing lenders could charge even higher interest rates to sub-prime borrowers than to prime borrowers like myself.

Yet the most secularizing of these capitalist philosophers has undoubtedly been Ayn Rand, mentor to Alan Greenspan, junk-bond king Michael Milken and tens of thousands on Wall Street and in corporate America. The Library of Congress has rated her book *Atlas Shrugged* the second most influential in America after the Bible. That's ironic as they pretty much say the opposite, particularly about selfishness, which Rand considered a "virtue." In fact, Rand stated that "every argument for God rests on a false metaphysical premise," charity is "not a moral duty," and , most importantly, that capitalism and Christianity "cannot exist in the same man or in the same society."

At the end of *Atlas Shrugged*, Rand's superhuman CEO savior makes the sign of the dollar across the world. She also wore it as a broach, like we wear the Cross. It symbolized the new moral purpose of our lives is to make money, rather than to love God and neighbor. Yet in 1994, *The Economist* said Rand's ideas were most popular with economic libertarians (who disdain government) and were instrumental in Reaganomics. Being a hyper-individualist, she also taught that "abortion is a moral right" and had a very public affair after telling her husband. Not surprisingly, she died quite lonely and depressed. Still, the head of BBT bank, a Rand disciple, recently told *The New York Times* that her philosophy of selfishness will soon dominate America.

So what do you do if you too are frustrated about choosing between Nancy Pelosi and AIG to care about your health care and/or Barney Frank and Wall Street to care about your retirement? Be the change you want to see. Begin politically by understanding the *Claremont Review's* statement: "Nor did [these capitalist philosophers] have much to say to social conservatives, who are an indispensable element of the political coalition upon which capitalism's survival depends." It is a false political choice that we must become Greek if we're tired of pagan Rome. There has long been a third way reflecting the Puritan ethic that built America.

Economically, Drucker wisely counseled it's a simple matter of accepting personal responsibility for what happens to neighbor, least of these, the environment and future generations... when making money as well as giving money. Wall Street calls that idea "socially responsible investing" (SRI) and "corporate social responsibility" (CSR). Christ called it agape love, of the very real, non-sentimental type.

Drucker, who also taught theology, believed only that love can save us. Looking "up" after all these years, rather than left and right as I did when studying political science and working on the Street, I can now see his point.

Gary Moore was a Senior Vice President of Paine Webber. He founded [The Financial Seminary](#) and his investment firm as "counsel to ethical and spiritual investors." He has authored *Faithful Finances 101* by the John Templeton Foundation Press.