
Pro Rege

Volume 47 | Number 4

Article 9

June 2019

Redeeming Capitalism (Book Review)

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Recommended Citation

Hubner, Jamin (2019) "Redeeming Capitalism (Book Review)," *Pro Rege*:

Vol. 47: No. 4, 41 - 43.

Available at: https://digitalcollections.dordt.edu/pro_rege/vol47/iss4/9

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BOOK REVIEWS

Redeeming Capitalism. Kenneth J. Barnes. Grand Rapids: Eerdmans, 2018. 233 pp. ISBN 978-0802875570. Review by Jamin Andreas Hübner, Adjunct Professor of Business and Economics, University of the People, and General Editor of *The Christian Libertarian Review*.

Ever since the “Great Recession” of 2007-2008, many business people, investors, entrepreneurs, and economists have raised significant questions about all the relevant issues of this crisis—from corporate ethics to monetary policy to economic orthodoxies. Kenneth Barnes, Workplace Theology and Business Ethics Chair at Gordon-Conwell Theological Seminary, paints a sweeping account of this broad topic in his new monograph, *Redeeming Capitalism*.¹ As the title indicates, Barnes does not propose an innovative economic and social model such as (for example) Brent Waters does in *Just Capitalism*. Rather, Barnes’ goal is to trace how capitalism seriously erred in the last century, and what can be done to correct it.²

In the first chapter, Barnes chronicles moral failures behind the 2007-8 financial crisis. With a background in the business world, Barnes exhibits sensitivity to key details, and his early descriptions of backroom deals in the financial sector were particularly interesting. He then launches into a five-chapter history of capitalism, with chapters focusing on Adam Smith, Karl Marx, and Max Weber. Each contains a cogent summary and critique about each thinker’s contributions. Along the lines of Halteman, Noell, McRorie, and Stapleford,³ Barnes overturns one myth after another about Smith’s economic views. For example, Smith’s economic views were deeply informed by morality and ethics, and his economic theory was integral to it. Barnes ends this portion of his narrative with a chapter on “Postmodern Capitalism.”

“Postmodern Capitalism” represents, according to Barnes, the current phase of capitalism, and it is the main version that he attempts to correct. As he puts it,

So how is postmodern capitalism different from the modern capitalism [as] observed by Max Weber? For one thing, the ethos of capitalism has changed. The primary driver of capitalism is no longer wealth accumulation but

conspicuous consumption. The economy is no longer built on a stable credit system; it is built on unsustainable amounts of individual, corporate, and sovereign debt.... Sociologically, culture has become homogenized, while the cults of religion and other values-based associations have become marginalized. Work is no longer viewed as sanctified but as intentionally secular (that is, ‘of the world’), temporal, utilitarian, and generally speaking, without a moral compass rooted in a higher moral authority. Consequently, moral accountability driven by a belief in God has become unmoored. (77)⁴

In other words, the religious virtues and ethics underpinning the capitalism of the pre-Industrial and Industrial Age are now gone. All that is left is consumerism and greed:

As capitalist societies have moved further and further away from their religious moorings, behavior once considered indecent is now celebrated by a culture that has lost a sense of shame. The accumulation of wealth has itself become a postmodern virtue, and a hedonistic tendency toward excessive self-indulgence has become the ideal. (140)

The book then spends the next five chapters on economics and the Christian tradition, looking at various Old and New Testament texts relevant to businesses and economists throughout church history. Sometimes, Barnes makes the contrast between the Christian ethos and today’s capitalist mentality particularly stark, as for example, when he points out that the Apostle Paul wrote “that love ‘does not envy, it does not boast, it is not proud’, while much of our current economic system is built on exploiting envy, boasting, and pride” (154).

For Barnes, redeeming capitalism, then, does not involve a whole-sale rejection of free-market economics. Rather, capitalism needs to be re-

vamped, restored, and re-born, in order to operate on the assumptions and goals that can better benefit everyone—from individuals to society as a whole:

The holism of redeemed capitalism recognizes the needs of whole persons and challenges the economic assumptions that work is a “disutility,” that employees are “human resources,” that people’s concerns are not the concerns of the company, that a balanced lifestyle is a sign of weakness, and that business is merely about making money. For people of faith, the concept of “whole life discipleship” is a calling to holistic and redeemed economic activity. (195)

In an important table (see 189), Barnes compares and contrasts four “forms of capitalism”: Traditional, Modern, Postmodern, and Virtuous/Redeemed. Each form has a different philosophy, purpose, theology, geographical focus, sociology, ethic, and so on. For example, in the “accountability” category, the entries from left to right are “God is watching” (Traditional); “Self-monitoring” (Modern); “No one is watching” (Postmodern); “Covenantal/Mutuality” (Virtuous/Redeemed). While readers are sure to raise questions about some of this analysis, it frames the discussion in a very helpful way.

In the end, Barnes finds that

To become a force for good in the world, virtuous capitalism cannot be based on a beggarly neighbor mentality or the weaponization of economic policies designed to give one country an advantage over others. It must be based on a think-globally-act-locally mentality and an ethos of shared responsibility for each other and for the planet we all call home. (201)

While the bulk of *Redeeming Capitalism* is clearly written, there was a handful of ideas that threw me off track. Most of these consisted of popular economic myths and fallacies.

For example, I was baffled that the stereotypical error of associating the Great Recession with “unbridled capitalism” found its way into the book (78). As numerous economists and commentators have pointed out over the last decade, an economy with central banking (and a full monopoly over the production of the world’s reserve currency), massive financial regulations, and an interventionist government whose spending makes up nearly

a third of GDP, is a long ways from being “unbridled.”

In a popular stereotype of the Industrial age, we read that “Family life was ravaged by disease such as cholera and typhus, as well as by infant and maternal mortality, malnourishment, alcoholism, a decline in recreational opportunities, and spiritual deprivation” (50). Again, as economists have pointed out,⁵ this stereotype must be faced with an important question: *compared to what?* The reason so many people moved into factory life in the 1800s was that even though it was undesirable from *today’s* living standards, this was still more desirable than their own contemporary alternatives (e.g., agrarian toil on the farm).

Another economic fallacy that saturates popular media is that the Marshall Plan was an act of pure generosity and “an expression of American ideals,” benefiting Europe’s post-WWII rebuilding process (128). This, Barnes argues, contrasts with the Great Recession bailouts of 2008-2009, which are said to be cronyist and self-serving. But this is simply not the case. The Marshall Plan was specifically designed to benefit American corporations (mainly steel, automotive, and electric industries), and those countries which received American aid grew the slowest (Britain, Sweden, and Greece). Meanwhile, those countries that received fewer Marshall funds recovered the most (Germany, Austria, and Italy).⁶ The Marshall Plan was a considerable act of funneling taxpayer wealth into crony-capitalist pockets; it hardly differs from the Great Recession bailouts in that general respect.

Fortunately, these errors and other oddities are little more than an annoyance. We might also note that Barnes is primarily a businessman and not an economist, and that his book’s overall thesis still stands as valid and important: that economic systems that are little more than guided free-markets directly depend upon the individual decisions and goals of participants. If individuals make poor choices and use their freedoms to manipulate people, markets, and commit fraud out of greed, their actions will lead to market and capital failures. But if people act with responsibility, trust, and mutuality, everyone wins in the end, economically speaking.

Redeeming Capitalism would be a superb book for undergraduate or graduate students in business programs, especially at Christian higher-educational

tional institutions. It concisely connects the importance of ethics and virtue with economic life.

Endnotes

1. Brent Waters, *Just Capitalism: A Christian Ethic of Economic Globalism* (Louisville: Westminster John Knox, 2017). Waters' proposed "market-state" is not exactly innovative. Being little different than democratic or "market socialism," this consequentialist model can be found in the works of other Christian ethicists and theologians like James Skillen, Ronald Sider, and goes all the way back to John Rawls, *A Theory of Justice* (Cambridge: Harvard University Press, 1971).
2. The volume is similar to the approach and theses of Jim Wallis, *Rediscovering Values: On Wall Street, Main Street, and Your Street* (Brentwood: Howard Books, 2009). It is also similar to Bob Goudzwaard and Harry de Lange, *Beyond Poverty and Affluence: Toward an Economy of Care* (Grand Rapids: Eerdmans, 1995), who also argue for a "renewal" of the economic order and value system—except that Barnes' is responding to the Great Recession, while these two economists are addressing more general "paradoxes" of twentieth-century economic developments.
3. See, for example, Christina McRorie, "Adam Smith, Ethicist: A Case for Reading Political Economy as Moral Anthropology," *The Journal of Religious Ethics* 43.4 (2015): 674–696; James Halteman and Edd Noell, *Reckoning With Markets: Moral Reflections in Economics* (New York: Oxford University Press, 2012), and chapter two of John Stapleford, *Bulls, Bears, and Golden Calves*, 3rd ed. (Downers Grove: InterVarsity Press, 2015). Halteman and Noell in *Reckoning*, 194, go as far as to say "It is a contention of this book that if the Enlightenment had built on Adam Smith's concept of a naturalistic, interdisciplinary moral system rather than been diverted into a mechanistic, value-free scientific enterprise, modern economics might not have acquired such a narrow focus."
4. Barnes also importantly highlights the problem of disinterest in long-term investing (139), as witnessed in market volatility in response to quarterly reports (151). Cf. John Milbank's "Can the Market be Moral? Peace and Prosperity Depends on a Reimagined Socialism," *ABC Religion and Ethics* (October 24, 2014): "The big question then is: how can good practice drive out bad practice? Sometimes bad practice is advantageous in terms of our current capitalist market; sometimes practice delivers a clear short-term benefit by undercutting more scrupulous rivals. Yet in the long term, good practice is more stable even in current market terms, unless the racketeers so slant the entire economic stage as to render this impossible - as may now, unfortunately, be in danger of occurring."
5. E.g., Ludwig Von Mises, *Human Action: Scholar's Edition* (Auburn: Von Mises Institute, 2010, orig. 1949), ch 11; F.A. Hayek, ed., *Capitalism and the Historians* (Chicago: University of Chicago Press, 1954); Thomas Dilorenzo, *How Capitalism Saved America* (New York: Crown Forum, 2005).
6. See Tyler Cowen, "The Marshall Plan: Myths and Realities," in *U.S. Aid in the Developing World*, ed. Doug Bandow (Washington D.C. Heritage, 1985), 61-74; Walter McDougall, *Promised Land, Crusader State: The American Encounter with the World Since 1776* (Boston: Houghton Mifflin, 1997), 180; William Williams, *The Tragedy of American Diplomacy: 50th Anniversary Edition* (New York: W & W Norton, 2009, orig. 1959); Joyce Kolko and Gabriel Kolko, *The Limits of Power: The World and United States Foreign Policy, 1945-1954* (New York: Harper and Row, 1972); Stephen Ambrose, "When the Americans Came Back from Europe," in "The Marshall Plan: A Legacy of 50 Years," *International Herald Tribune* (28 May 1997) 5; Alan Milward, "Was the Marshall Plan Necessary?" in *The Marshall Plan: America, Britain, and the Reconstruction of Western Europe, 1947-1952*, ed. Michael Hogan (New York: Cambridge University Press, 1987).
7. E.g., "Concepts such as fake news and alternative facts did not exist until very recently" (143). On the contrary, even texts as ancient as Plato's *Republic* demonstrate full knowledge of how mythologies, narratives and ideas (whether false or true) can control a population. As well, the fourth chapter of *Redeeming Capitalism* opens with the famous quote of Marx, "The philosophers have only interpreted the world, in various ways. The point, however, is to change it" (48). As one finds out in reading (for example) *The Marx-Engel Reader*, this quote is actually Marx's summary of Feuerbach and really shouldn't be attributed to Marx himself.