For God and Profit: How Banking and Finance Can Serve the Common Good.

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Samuel Gregg of the Cato Institute has successfully unraveled the remarkably sophisticated intersection between the financial world and Christian theology in *For God and Profit.* Rich in primary sources and contemporary concerns, the book examines various Christian responses to financial phenomena throughout history, such as savings, lending and interest, capital investment, fractional reserve banking, and monetary systems, all while offering Gregg's nuanced interpretation of the issues. His analysis unfolds in eight full and well-written chapters.

The first opens up by addressing some preliminary matters. This includes asking some provocative, ethical questions related to banking, such as "Is it ever prudent for a bank to leverage itself at ratios approaching 50 to 1?", "Is it right for central banks to allow mild inflation in an effort to stimulate employment levels, even if it damages the economic well-being of those on fixed incomes?", and "Should governments be permitted to reduce their debts by devaluing their currencies?" (p. 11).

Chapter 2 reflects on ancient opinions with regard to money and banking, noting Roman regulations on borrowing, the semantic differences between "usury" and "interest" (pp.26–29), and Plato, Seneca, and Aristotle's positions on money lending. "Perhaps one of the most important points to grasp with regard to the views taken of finance during the time periods surveyed above," Gregg notes, "is that the general economic environment was not at all conducive to the creation of wealth" (p. 35). Because war and slavery dominated across entire eras, from ancient Greece into Medieval Europe, there were few market structures in which free enterprise could bloom and actually create wealth. Thus, "The prevailing wisdom tended to be that one person could only become wealthy at another's expense because the world's total sum of wealth was more or less fixed" (p. 36). In one anecdote, Gregg notes that "St. Jerome even went as far as to claim that fraud and trade were one and the same!" (p. 36).

Chapter 3 ("The Financial Revolution") recounts the rise of modern banking. Along the way, Gregg lucidly narrates the emergence of single-entry book keeping in the 1200s, the Italian invention of double-entry booking, and the rise of commercial clearing houses in Barcelona, Geneva, Avignon, London, and other financial centers. Double-entry booking was particularly important since it distinguished "cash receipts from cash payments. This helped formalize the rule that there should never be a debit without a corresponding credit" (p. 43). However, this rule was quickly compromised with the rise of "ghost money" (fractional reserve banking), and thus opened up an entirely new dimension to the world of financial corruption.

On the theological side, Gregg gives primary focus in his book to the Catholic Church and to Catholic theologians. He highlights various milestones, such as the 5th Lateran Council's definition of usury, which is "nothing else than gain or profit drawn from the use of a thing that is by its nature sterile, a profit acquired without labor, costs, or risk" (p. 57). Readers are struck by the interesting and articulate nature of such formulas, but also by the questions they produce (e.g., what lending or investing isn't without "risk"?). Here, Gregg also looks at other major theological sources such as Calvin, whose ethical regulations of money-lending far outdo those of his contemporaries (p. 64). These historical snippets make the story of banking far from dull.

In chapter 4 ("Caesar's Coin"), the relationship between banks, the government, and the church is briefly addressed. Leaning on Juan de Mariana and other figures, Gregg stresses the importance of unmanipulated weights, measures, and currencies, and also demonstrates some of the chaos that emerges when banks unite with the state. "Everyone wants the foundations of buildings to remain firm and secure," wrote Mariana, "and the same holds true for weights, measures, and money" (p. 74). Gregg also recounts the history of the first public bank, *Taula de Canvi de Barcelona,* founded in 1401 and absorbed into the Bank of Spain in 1835.

Chapter 5 answers the question, "how does a human being flourish?" (p. 94). His answer is forthright and historically rooted: "The argument of Christians ranging from Augustine to Aquinas is that we do so *in the process of free choice*. When we freely choose fundamental goods such as life and health, friendship, knowledge, integrity, beauty, and work, we literally integrate them into our identity through deliberation, choices, and actions" (p. 94). This freedom in the market is not, in contrast to Marx and critics of individual property rights, a world of selfishness, social isolation, and egoism, for "all of us need others to flourish. No child can raise itself. No banker can grow his business without customers and employees" (p. 95). Furthermore, "private ownership is a means of ensuring common use and that material goods serve human beings" (p. 99). Thus, "from a Christian standpoint, the genius of private property is the manner in which it gives individuals and communities the capacity to mobilize their wealth in ways that promote the common good and the principle of common use" (pp. 101–102). The property rights of individuals therefore *give rise* to communities and mutual relationships, and do not compete with them. It is therefore misleading to speak of the reverse; "There are thus no 'anonymous' actors 'out there' or 'forces of history' wreaking havoc on peoples' lives. … only persons are moral actors. They are ultimately responsible for the social evil ensuing from the evil acts that proceed from human persons" (p. 104). The chapter then concludes with a discussion of bankruptcy.

Chapter 6 ("Understanding Capital, Civilizing Capital") untangles much of the contemporary hubbub about "Wall Street speculators" and the "greed" of capitalism. He makes numerous corrections, such as delineating the real symptoms and causes of economic phenomena (e.g., excessive credit bursts from central banks, as opposed to raw "speculation"), and the how and why of New Testament criticism of the rich. "Scripture doesn't criticize the wealthy because they are richer than others," Gregg argues; "They are criticized, often fiercely, when they engage in fraud, when they forget their real and direct responsibilities to the poor, or when their wealth becomes their god" (p. 134). In that case, it is a particular *subset* of the wealthy (e.g., central, government-monopolized, fractional-reserve bankers) that ought to feel the weight of conviction, not simply all upper-class citizens.

Chapter 7 ("The Common Good, the State, and Public Finance") continues this discussion by outlining the hazards created by central banks (p. 142) and the necessity of monetary stability—which is created by *decentralization*, not legally-mandated monopolies. In the broader discourse of governmental authority and globalism, he says that "there is no necessary reason for Christians to object to international institutions or even some form of world authority … [Yet] there is no reason to suppose that the errors made by national central banks wouldn't be replicated by a global central bank" (p. 161).

The final chapter ("Finance as *Vocatio*, Finance as *Mangificentia*") concludes with practical insights about being a Christian and having a career in finance—what this might look like, how specific virtues of the Christian walk are embodied, and what land-mines to avoid in the process of serving the Kingdom. For example, he outlines the basic problems associated with individuals, societies, and entire generations that are debt-ridden. He also notes that "in certain instances, there may be grounds for Christians to press for debt forgiveness" (p. 178). Navigating the complexities of multi-generational, national debts can be challenging, but he provides some basic contours of what constitutes "justice" in these scenarios. He writes: "It may well be that the best way for Christians in finance to assist the poor in developing nations is to look beyond granting loans to governments" (p. 181). Indeed, Gregg ultimately contends that the "most important" financial structure for any nation or society is monetary stability, "the rule of law, and protections for property rights" (p. 182).

Christian economists will find a wealth of historical and theological material related to the subject of banking, borrowing, and managing wealth in *For God and Profit*. Those interested in the banking sector will become acutely aware of the larger ethical responsibilities associated with managing money, while those interested in theological perspectives and property rights will be surprised by the various positions adopted throughout church history—especially in the Catholic Church. For more socialist readers, the book will challenge many popular stereotypes about wealth creation, free markets, and capital management—but without removing the radical responsibilities of all Christians to be dedicated stewards of God's creation.

Having said this, there were a few items of concern that surfaced through the narrative and deserve brief mention. First, Gregg appears to embody a "classical liberal" position with regard to property rights, individual liberty, and free markets. However, he more than once emphasizes that "Christian ethics has never disputed that governments may engage in taxation" (p. 14; cf. pp. 15, 67). Whether this is true historically or not (and there are doubts about this), it is certainly *not* true today. Many Christian scholars in the liberal, libertarian, and anarcho-capitalist traditions consider taxation a form of legalized theft on the basis of the same property rights that Gregg espouses.

Second, despite the much-needed and extremely important criticism directed towards banking monopolies, we read that "in emergencies or highly unusual economic and political conditions, there may be a legitimate case for [quantitative easing / financial bailouts]" (p. 157). Again, this appears inconsistent. Given the overall arguments of the book, readers are puzzled with this concession regarding property rights, moral hazard, etc., and left without adequate explanation.

Third, the book may have significantly benefited by looking outside the Roman Catholic Church in its theological discussions. Gregg defends his approach, however: "Any survey of the materials authored by Christians on subjects concerning finance soon indicates that the longest and most detailed treatments of these issues have been authored by Catholic scholars, both before and after the Reformation" (p. 14). But this would depend on how the term "Catholic" is used—both with reference to today's church and the early church (i.e., some authors erroneously refer to all theologians prior to 1054 AD as "Roman Catholic"). One also wonders what role that influence plays in Gregg's method. Thomas Paine's *Common Sense* was hardly detailed and long, but because of its influence it remains important for discussion about the American Revolution. John Witherspoon's *Essay Concerning Money,* various writings by Pelatiah Webster, and a number of works in the twentieth century by Christian scholars might, therefore, perhaps merit at least some attention instead of being dismissed (consciously or unconsciously).

Aside from these concerns and quibbles, *For God and Profit* is, overall, an excellent, well-researched work that achieves what it sets out to do. In a changing world of global finance, Gregg provides sound wisdom from classic thinkers and grounds it on the basis of classic Christian virtues. One can only hope that the book sparks more interest in revealing some of the darker sides to global finance and pursuing the brighter, more ethical alternatives.

References

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