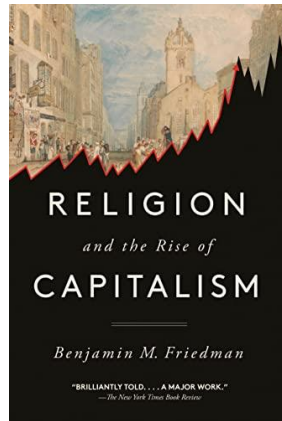


## BOOK REVIEW

# Religion and the Rise of Capitalism

By Benjamin M. Friedman

Reviewed by Judith M. Dean



New York: Alfred A. Knopf, 2021. \$17.60

Would any of us consider an African farmer that provides for her own family and sells her output in the local market selfish? I doubt it. Most of us would see that she is acting not only in her own self-interest by being a productive farmer, but she is also providing for her family. In addition, her sales to others benefit them, while allowing her to purchase other goods she and her family need. Yet there was a time when this issue was a centerpiece of religious controversy in Europe and the US. And such religious controversy was influential in shaping economic thinking.

Benjamin Friedman, a renowned economist at Harvard, dives deep into such controversies in his 2020 book, *Religion and the Rise of Capitalism*. He begins with Adam Smith, and his groundbreaking 1776 book, *The Wealth of Nations*. This book “marked a fundamental ground shift in thinking about what underlies economic behavior, what consequences follow from it, and how governments might therefore act to foster the prosperity of their peoples and the vitality of nations” (4). That ground shift provided the foundation of economic thinking today. From the 18th century onwards, it has helped shift countries from “centuries of top-down direction of economic activity to more individually propelled, competitive enterprise” (4). But where did these transformational ideas come from? Friedman argues that one powerful influence

was religious thinking of the English-speaking Protestant world. In fact, religious thinking has continued to have a strong influence on economic thinking.

Friedman’s book is a sweeping exploration of the inter-relationship between Christian Protestant faith and economics. He takes us from the 18th to the 21st century, and from Europe to America. The first four chapters explore the development of Smith’s thinking and the major philosophical debates that were influential during Smith’s lifetime. In the next four chapters, Friedman presents his own analysis of key religious debates, focusing mainly on predestination and depravity, and pre- and post-millennialism. The final seven chapters focus largely on the economic development of the United States and the role of Protestant thinking in that development.

The author is an eminent scholar and the book reflects this, in both its depth and quality. Friedman makes clear that he is an economist—not a theologian or philosopher—and that he is not of the Christian faith. Yet he believes that worldview matters for the development of ideas, and that religion has profoundly shaped worldviews. Economics, he reminds us, was originally taught as part of moral philosophy. Friedman gives the reader a unique perspective on the question of how religion has influenced economics. His exploration is fascinating, illuminating, and sometimes disturbing.

### Economic Development

To Smith, economic development was of fundamental importance. He saw the very low standards of living in his own Scotland, particularly in comparison to England. He was distressed by high rates of child mortality—apparently as high as 50% for children under the age of 4 in some regions (14). As Friedman notes, Smith wrote, “No society can surely be flourishing and happy of which the far greater part of the members are poor and miserable” (35).

One of Smith’s fundamental contributions that fueled development was the idea that actions done out of self-interest could indeed have beneficial “unintended” consequences for society as a whole. Hence, the view we take of the work by the African farmer mentioned above. Yet the idea of anything good

from self-interested actions had been fraught with controversy. Certainly, both Jewish and Christian scriptures condemned selfishness. Even David Hume, Smith's friend, wrote of the fear of economic self-interest: "This avidity alone, of acquiring goods and possessions for ourselves and our nearest friends, is insatiable, perpetual, universal and directly destructive of society" (43). Friedman describes in great detail the religious and philosophical views that saw "self-interest" as a vice. Yet at the same time he acknowledges others who recognized Christ's command to love thy neighbor as thyself, and that self-interest need not be selfishness.

Another of Smith's contributions was the idea that people could improve their circumstances by specializing in what they do best, and voluntarily exchanging their output with others. Specialization would allow people to be more productive, and machinery and raw materials to be used more efficiently. In competitive markets, prices would help allocate scarce resources efficiently, to best meet the needs of the people. At the same time, Smith foresaw that specialization could lead to repetitive work that could deprive people of opportunities for creativity and innovation. Hence, he made the case for publicly funded universal education (94).

A third critical contribution was Smith's argument that such voluntary exchange was not limited to individuals within the same country. Instead, specialization and exchange across countries would not only allow each country to prosper economically, but would also promote peace between countries. Interestingly, these ideas were echoed in the 19th century by some (though not all) prominent American clergy who were also economists. Advocates such as John McVickar and Francis Wayland based their arguments on "their perception of the will of a benevolent God, who had structured the world in such a way that meeting man's basic economic needs brought nations together in commerce and thereby fostered peaceful relations among them" (262).

Friedman argues that a major factor propelling the development of these ideas was the belief that human beings could indeed improve their well-being through their own efforts. In his view, this belief was attributable to a dramatic change in Protestant thinking in the years between the Reformation and the 18th century. "At the heart of this new thinking was a more expansive concept of human agency than under strict Calvinist precepts, implying a more optimistic view of the possibilities for the choices and actions taken by everyday people. At the same time, long-standing debates about the ultimate fate ... of the world as a whole also took new forms" (5). Though Friedman does not claim that Smith adopted these new views, he argues that many of the clergy in Smith's day had.

### **"Competing Gospels"**

Friedman engages in an extensive discussion of Reformation theology, with a specific focus on the understanding of human depravity, God's sovereignty, and predestination. Following this, he describes the development of opposing views, focused on the goodness of human beings, the limited sovereignty of God, and people's ability to bring about their own salvation. Finally, he tackles differing views of the end times, contrasting pre- and post-millennialism. The author goes to great lengths to understand and accurately describe these doctrines and debates. His presentation of the historical changes in thinking and their context is very insightful.

Still, the characterizations of both the Calvinist and anti-Calvinist views fall short. The former view emerges as one where human beings are puppets, incapable of doing good, and at the mercy of a God who chooses arbitrarily who will be saved and who will not. The latter view emerges as one where human beings are inherently good, are able to better themselves, and are looked upon by a benevolent God whose only goal is their ultimate happiness. This latter characterization—which departs in many ways from historic Christianity—is seen as the fuel behind ideas for economic improvement. In a similar way, the millennial view that human effort can bring about the Kingdom on earth, is seen as underlying much of the push for economic prosperity in the 19th century and onwards.

Conspicuous by its absence is discussion of the historic Protestant belief that through faith in Christ, people are made new. They are enabled to love God, and desire to live for him. And they are given the ability to live that out, honoring God, and loving their neighbors. This religious thinking would also explain efforts to improve our own and others' economic well-being, as well as much of the charitable work that has characterized the Christian Church.

Interestingly, Friedman's chapter entitled "Competing Gospels" might be viewed as a poignant picture of the results of a major shift away from the historic faith. The author describes the amazing technological change and economic prosperity taking place in the US after the Civil War and into the 20th century. A few pages earlier, he has described the movement of North American churches away from historic Christianity, documenting the rise of Unitarianism, and the widespread adoption of a "millennial role for America." As some individuals amass great wealth, we see evidence that the church is succumbing to what Christians today would call the prosperity gospel. Prominent minister Henry Ward Beecher, in a sermon on "The Tendencies of American Progress," states "...the country's increasingly evident prosperity was welcome not just for its own sake, but as a necessary underpinning to a morally

sound society. There must be prosperity in material things, he told his congregation, if there is to be prosperity in moral things” (292). Not surprisingly, poverty is seen as sinful (292). This is a hard history to read. Some in the Church do oppose these views, and call the Church back to the Scriptures and the responsibility to care for the poor. Friedman takes us through these decades, through the Social Gospel, to the Fundamentalist and Evangelical movements.

### **Worldview Matters**

As practitioners and academics today, we are still focused on improving economic development and human flourishing. Can we partner with that African farmer to help her save and invest? Empower her decision-making within her household? Improve her access to education? All of these are economic goals. But are they not shaped by our faith? Underlying them are beliefs in the dignity and worth of each person, in equity and justice, in good stewardship of resources—and a belief that “we are God’s workmanship, created in Christ Jesus for good works, which God prepared in advance for us to do” (Eph. 2:10).

*Religion and the Rise of Capitalism* challenges us to see the powerful influence religious faith has had on modern economics. The design of a modern economy emerges amid debates about God’s concern for peoples’ happiness, individuals’ concern for fellow human beings, the ability to improve one’s material well-being, and the consequences of human brokenness. Friedman has given us a marvelous opportunity to explore these debates in depth, and to see how they influenced ideas about markets, competition, trade, technological development, and many other aspects of economics.

At the same time, the conclusion is troubling. Friedman argues that positive developments in economic thinking occurred as religious thinking became “more expansive.” Yet, “expansive” seems to be equated with thinking that departs from much of the core of historic Christianity. Based on the evidence that Friedman himself presents, one might argue that a closer adherence to the historic faith is what really lies behind those positive developments.

---

**Judith M. Dean** (PhD, Cornell University) is Professor of International Economics at Brandeis University. She has served on the board of World Relief, and is currently on the editorial boards of *CRDA* and *Faith and Economics*, the journal of the Association of Christian Economists.

Author email: [judydean@brandeis.edu](mailto:judydean@brandeis.edu)

---