



Johan J. Graafland
TILBURG UNIVERSITY, THE
NETHERLANDS

The Theology of Money

By Philip Goodchild

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1 Introduction

In this book, Philip Goodchild argues that money has become the dominant global religion practised today. The competition between the belief in God and the service to Mammon is a well known theme that can be directly derived from biblical sources (Matt. 6: 19–24). Goodchild develops this theme in a very original way. Starting from the notion that money is created in excess of reserves and simultaneously a credit and debt, he argues that it transforms the world in order to generate profits needed to pay the interest on debt. In this regard, it is a power of perpetual creative destruction that drives the expansion of the global economy. On a philosophical level, Goodchild argues that money has become the supreme value. All values are reduced to a comparison with this monetary standard. It has replaced God as the ultimate source of power, truth and goodness. In a society organized primarily for the pursuit of wealth, time, allocation and devotion are applied to the pursuit of wealth. What is required is the liberation of other modes of evaluation from this power of money.

2 Preliminary observation

When reading this book, I found that, unfortunately, large parts are rather difficult to understand for me as an economist, theologian and author in the field of economic ethics. Therefore, it was quite an effort to force myself to read the whole book. Obviously, it is even more difficult to write a book review. Hence, the comments below are only worth for what they are. In this book review I do not pretend to do more than merely formulating some doubts that I have about Goodchild's book, based on what, I think, I do understand of it.

3 Clarification of concepts

One possible barrier for understanding Goodchild's book is that the concepts used by him, such as credit and money, are not very clear. To illustrate this, sometimes Goodchild uses the concept of money in a concrete way comparable to its meaning among economists. In this sense, money has the traditional functions that economists distinguish. But at other places in the book money is used as an

abstract symbol for material wealth, which is considered to be the most important thing in the world. At yet other places, (p. 63: 'Money is the supreme political authority in modernity') money is an abstract concept of which the meaning is unclear. This mixture of meanings reduces the readability and logic of the arguments. Another disadvantage of using this mix of meanings is that Goodchild tends to exaggerate the role of money in current economy in comparison to other factors that determine economic developments.

4 Monism or incommensurability?

If we consider money in the sense of material wealth, one could agree with Goodchild that the quest for wealth is extremely important and unites diverse people of the contemporary globalized world. According to Goodchild, material wealth is the source of all benefits, all delights, all sustenance, all welfare and all charity in this life (p. 4). That may be particularly true for the USA. As De Tocqueville already remarked: 'One usually finds that the love of money is either the chief or a secondary motive at the bottom of everything the Americans do'. In other cultures, materialism may be a weaker motive. Nevertheless, I share Goodchild's worry that in a globalizing worldwide market economy this attitude may spread to other cultures as well.

But even then one can doubt whether materialistic values are the single most important values that people have. People do care much or even more about non-materialistic values such as basic rights to freedom, equal opportunities, fair income distribution, self esteem, work and development of capacities, beauty, religious devotion, family and friendship relations or knowledge. These plural values are highly incommensurable with materialistic values. To a certain extent, Goodchild is right that a monetary market economy reduces the incommensurability of plural values. Money facilitates comparison. Although this may contribute to the rationality of allocative decisions, expressing all qualitative differences in terms of 'How much?' has the effect of stripping the world of color, taste and texture and making things exchangeable that should not be exchangeable. But Goodchild's perception that the world has become monistic and that all values are expressed in monetary terms is too extreme. However, he needs this extreme position to argue that money has become the god of our world.

5 Money not the only source of power

Whereas economists tend to analyse economic phenomena mainly as a way of dealing with scarcity (rather than with power) and often have too little attention for economic power as an instrument in power relations, critics sometimes have an unbalanced view too by perceiving economic relations mainly as an expression of power relations, disregarding that the economy is about reducing scarcity and that capitalism has indeed reduced scarcity in the last decades. Also Goodchild seems to overstress the motive of power in the economy.

One can also doubt whether money is the only access to power, as Goodchild seems to hold. There can be no misunderstanding that welfare is an extremely important source of power (p. 13), but, nevertheless, it is not the only source of power. This is already all too evident from the struggle that the wealthiest country – the USA – has with its relatively poor enemies in Iraq or Afghanistan. The war in Iraq has brought the USA to the edge of economic disaster because of the huge amount of military costs and government budget deficits that were spent without very much success in realizing US goals. Goodchild's statement that to question the pursuit of wealth is to abandon all power seems therefore also one-sided.

6 Money imposes profit?

Probably, my most critical comment concerns Goodchild's assumption, basic to his analysis, that money imposes a social demand for an increase in profit. In economics, credit is derived from the underlying economic assumption that added value can be created through the production factors that are financed. Money is a catalyst for economic activity. Goodchild turns the argument around, when he states that money imposes a demand for increasing profits in order to pay the interests on debt. The causality rather runs from opportunities of added value (and resulting profits) towards demand for credit. The resulting burden of interest can then be financed from the added value made possible by the availability of monetary means. It is therefore too one-sided to argue that money depletes the resources to meet natural necessities and social responsibilities. In contrast, a good functioning monetary system facilitating monetary streams at low transaction costs opens the possibility for economic activities that generate subsistence income. A well known example is micro credit to the poor. That international debt may increase poverty among the poor in developing countries has more to do with the abuse of the monetary means by the political elite in these countries and resulting lack of development and profitability that investments may generate, than with the availability of credit as such.

7 Unbalanced

As the comments above indicate, Goodchild sketches, in my view, a picture of monetary market economy that is too negative. This also holds for his view that the market is an agent of exclusion, exploitation and destruction, because it would only meet the demands of those with money. According to Goodchild, the sovereign force associated with a market society must necessarily be in a state of total war against all other social forces that resist its expansionary claims (p. 25). However, most Western countries have used the increase in welfare made possible by market economy during the last decades also for improving income distribution and inclusion. From a dynamic long term point of view, the market is therefore not necessarily an agent of exclusion.

Another example of lack of balance in Goodchild's evaluation of the monetary market economy is his statement that economic globalization is the completion of an anti-political process throughout the world through millions of acts of

alienation between people and people. Although one does not have to agree with Benjamin Friedman's view that economic growth (resulting from market mechanisms) leads to more open and democratic societies, the opposite view seems unbalanced too. There is, for example, a positive relationship between economic welfare and the so-called empowerment rights index. Furthermore, research by Gleaser and others indicates that economic growth contributes to political equality.

In addition, Goodchild's more detailed descriptions of the market operation are too pessimistic. Although Goodchild is right that capitalist economy is vulnerable to instability because of speculation, his statement that productive economy is becoming subservient to a speculative economy of casino capitalism that serves the interests of a parasitic class (p. 71) is too one-sided. To illustrate my point: in the Netherlands the major investors on the capital market happen to be pension funds that represent the interests of employees.

Another example of putting things merely in a negative perspective is the role of accounting. Although accounting is based on many assumptions and financial values and therefore subject to many uncertainties, Goodchild's statement that accounting produces an artificial illusion of mastery seems too much inspired by bad examples like Enron.

8 Abstract link to theology

Goodchild uses the concept of God in a highly abstract way, namely as a symbol for the order of nature, the ultimate criteria of power, truth and goodness, the source of the value of values. Also the way of linking money to theology (by the notion that expressing values in a monetary standard is an act of faith, that money records a value that does not exist outside its own recording and is therefore transcendental in nature) is highly abstract. This opens many possibilities for linking theology to economy. For example, chapter 5 about the theology of money is mainly about accounting and credit. For readers associating theology with the traditional meaning of the doctrine of God, this causes a misfit between Goodchild's way of relating theology to economy and their own interest in this relationship. This also holds for the title of the book.

9 Great debate?

The cover of the book states that Goodchild's study is a controversial work that will generate great discussion amongst philosophers, theologians and economists. I agree with the first qualification, that the book is controversial. But I doubt whether it will also generate great discussion. One essential condition for raising debate is that a book is comprehensible. I suspect, however, that Goodchild's book is not sufficiently accessible to most economists and probably also to many theologians and philosophers. Although I strongly disagree with the motto of one of my former supervisors ('what I cannot understand, will probably

be wrong'), the lack of comprehensibility at least limits this book's potential to stimulate the necessary debate between economists and theologians.