

**Free Market Theology Exposed**  
**SERMON Presented by Reverend Scott Sammler-Michael**  
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**At The**  
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I would like to begin with a reading. The Head of Spain's largest bank said recently about the economic crisis – "If you don't understand it, don't buy it. If you wouldn't buy it for yourself, don't sell it. If you don't know your customers, don't lend them money." The fact that he had to say this at all is a measure of just how far removed those who work in our markets are from understanding economic justice.

Justice is most regularly explained by the competing definitions people cite for it. Some say Justice is divine, unknowable, and tough. Others say humans compose the parameters of justice. Some want to punish wrongdoers harshly. Others see Justice as a chance to restore relationships, rehabilitate lost souls, or re-distribute the resources they believe belong to all. This is why sometimes when we speak of Justice we may find ourselves not communicating very well – we do not all mean the same thing when we say "Justice.

Justice, Power and Love are of ultimate significance; they are fundamentally entwined. To understand Justice we must engage the foundational meanings of love and power. Power without love is brutality, Justice without love is tyranny, and Justice without power is impotent.

Justice brings us to questions of – Who's innocent? Who's Guilty? And what do we do with the guilty? Justice presupposes a better way for the world to be organized. This is why religion always speaks of justice. Faith analyzes how the world is, seeks to proclaim a vision of how the world should be, and then works to bring the best world we can imagine into existence. Faith employs ethical reflection to bring about a vision of the justice borne of love with the power to make it come into being.

It becomes difficult to speak of justice without referring to actual circumstances. Allow me to spend some time examining our current economic downturn. The American economy lost more jobs in 2008 than in any year since 1945, when we were shutting down factories from the war effort. Just this week Wal Mart reported it may have its first quarter of negative growth ever – Wal Mart! The mortgage crisis that was the spark of this mess continues to worsen as ballooning adjustable rate mortgages force more and more foreclosures. No matter how much magic President Elect Obama can conjure, he is being handed a mess of biblical proportions. Yet there are choices to be made even in this mess. For instance, the price tag of Obama's health care for every American – 80 billion dollars. The bailout to insurance giant AIG - 85 billion. AIG had its private debt accrued during an orgy of greed and deception turned into public promissory our grandchildren will pay.<sup>1</sup>

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<sup>1</sup> The AIG story is one of the most classic examples of what was wrong with our economy. Thanks to Clinton era legislation allowing banks and insurance companies to speculate with their cash reserves, these companies packaged and repackaged bundles of bad loans. These were called "Default Credit Swaps" and were sold as "insurance" to investors. Those originating these products never claimed them as insurance to the regulators so they could avoid oversight.

Yet we should not be surprised by this behavior. President Bush, like the three presidents before him, is a follower of an economic ideology known as neoliberalism, or Free Market Fundamentalism. I prefer the name Friedmanism, after its principle architect, Milton Friedman, long time professor of economics at the University of Chicago. My latest encounter with Friedman is reading Naomi Klein's "The Shock Doctrine: The Rise of Disaster Capitalism."

Friedman's economic theory began taking shape during the Great Depression. Friedmanism was a response to Roosevelt's New Deal, those policies creating public agencies to deal with dire challenges – social security, health care, unemployment insurance, public works, banking regulations. Friedman hated the New Deal and its attempts to regulate markets. Working in his basement "lab" at the University of Chicago, he and his Chicago Boys composed elegant mathematical formulae and abstract models whose beauty were stunning. Friedman believed his models 'proved' that Economics was not a soft science dealing with politics and psychology, but a hard science like physics and chemistry. He longed for a testing ground to prove his theories worked in the real world. When some of his students became employed by the CIA in the early fifties, those relationships provided Friedman with the testing ground he would need.

There is in Friedman's writings a love of the work akin to religious zeal. Indeed, he once referred to himself as "a country preacher spinning a sermon of salvation."<sup>2</sup> Let us look a little closer at Friedmanism as a theology.

Theology requires claims about humanity, as well as claims about divinity. Friedmanism claims the following:

*Money is value neutral*

*The market is self-correcting and should be left alone*

*Free markets make free people*

*All public holdings should be privatized*

*The government should never be involved in the markets.*

*Economics is a hard science.*

*Free markets are a gift from God and the natural order of things.*

First - *Money is ethically neutral*

Money is how we materialize our labor, value our time, our desires, what we exchange for the necessities of life. We spend most of our lives not with family but working. How we make money, how we spend, how we invest, and how we compensate others are primary ethical concerns. Money is not ethically neutral.

*The market is self-correcting and should be left alone*

This assertion is based on a misreading of Adam Smith, the founder of modern Capitalism. In *The Wealth of Nations* Adam Smith laid out plans for a Market economy that would be guided by an invisible hand. Smith variably explains that invisible hand as God, or Providence, or the collective goodwill of a culture. The invisible hand is the moral sense of a people whose institutions are strong enough to make sure the least among us, those who fall through the cracks of the economy, are taken care of. Smith

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<sup>2</sup> As quoted in Klein, Naomi, *The Shock Doctrine*, p 24.

warns of the devastating effects of unchecked greed. Smith was writing for a small, agrarian society with a common culture.

Today the USA is a pluralistic, diverse nation. The social institutions that served the needy in the 18<sup>th</sup> century of Adam Smith are not able to assist everyone in need because our society is too large. This became painfully obvious during the Great Depression, and that is why government stepped in to provide a safety net for those cannot make it on their own. That safety net was the new invisible hand.

Friedmanism claims *Government should not invest in social programs because they interfere with the free flow of capital.*

He claimed that markets will evoke the systems to care for the unfortunate and the downtrodden. There is no evidence to support this claim. It is not in our own national interests to allow the gap between rich and poor to grow large. People in poverty are people ready to revolt. Taking care of the least among us – here and around the world – with fair pay, good living standards, strong social institutions, good health care, this is sound homeland security policy.

*Partial implementation of Free-Market theories never work – the best scenario is to rush in during a crisis and make the whole economy over from scratch*

Democracies make Friedman-style ‘Free markets’ difficult. In the 60’s and 70’s, teams of Friedman trained economists teamed up with businesses and the CIA to inspire regime change in many places, including Bolivia, Argentina, Chile. By staging coups and assassinating duly elected leaders, the Chicago boys and the CIA multiplied our enemies around the world. Subverting the will of indigenous people makes America less secure in the long run and makes markets unstable.

*Free markets make free people*

This suggests markets exist outside of history and context. This is impossible. In any given place, markets, wealth, and natural resources exist within a community, controlled by a family, tribe, Board of Directors or a culture. Markets have geographic and political history. For instance, when Nelson Mandela was elected President of South Africa, Mandela’s party, the African National Congress was given the keys to the parliament.

Yet the same people who owned the banks still owned the banks, and the same people who owned the diamond and gold mines during Apartheid still own them. Mandela had been given the office but with no real power or money to do anything. South African Markets were built on the exploitation, slavery and theft by one group from another. How can those markets ever be free?

The greatest evidence of the violence to human beings of Friedmanism is revealed by this one statistic: Since 1990 the average life expectancy in South Africa, the richest nation on the African continent, has dropped by thirteen years. The mass of people who should have benefited from sharing the wealth that was stolen from them for generations have instead been driven into greater poverty and disease by free market fundamentalism.

There are no truly free markets. A Free Market is a platonic ideal exists in the abstract, in books and peoples minds, on chalkboards in basement labs, but not as an objective reality. Free markets are also a theological claim. Like Gordon Gecko from the film *Wall Street* on the Friedman believed, “Greed is good.” He proclaimed that free markets are a gift from God and the divine natural order of things.

This is apparent in many writings by Friedman and the Chicago Boys. Their language of markets as a means to salvation, of liberation through their economic method belies a deep-seated belief system whose givens are not questioned. It is a fundamentalism of greed, a theology of chaotic exploitation with no concern for the carnage exacted on everyday people.

Their orthodoxy runs into some of the same problems any fundamentalism does. When we believe something is ordained by God, that a value exists that is so much higher than all other values, history shows us time and again people will rationalize any behavior in service to that god or that value. This is precisely why people and whole nations are used as a means to some end. Friedmanism erects false, dehumanizing idols. Today those idols crash to the ground with the markets they justified.

Now we all have a hierarchy of values. I certainly have mine. Unitarian Universalism too has values it cherishes above others. Hopefully we work to be aware of what motivates us – not only reflecting on the consequences of our actions, but also on the values informing them. This is a vital part of the religious life – moral and ethical reflection.

Our quote today is from Albert Einstein – “I regard all class distinctions as contrary to justice and, in the last resort, Based on force.”<sup>3</sup> The force can be military or that of an accepted theory or theology.

To remain aware of what notion of Justice we operate under at a given time - To act with proportionality, to treat people as an end in and of themselves, to question what we hold to be most dear – and how that might make us act in ways that are not so good for people, for the earth, for the community – these are the processes of an ethical life seeking justice. We need touchstones – a community of truth tellers to engage in conversation, to wrestle with the tough questions, to express our answers, to be challenged in our expression.

Hopefully, that place is here. Here we endeavor to compose lives of meaning, exploring what is ultimate, searching for the next answer that can lead us to an even more beautiful question. Justice is a process whose results are determined in part by the process itself. If the process is fair, if the community is loving, if the church is full of the spirit – we are more likely to come closer to knowing justice. Knowing justice, we know ourselves and learn what we ought to do in the world. May we continue to compose our just and embracing community with integrity, courage, and love.

Amen.

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<sup>3</sup> From “*The World and How I See It*,” 1947  
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