1991

Economics

Bert G. Wheeler
Cedarville University, wheelerb@cedarville.edu

Follow this and additional works at: http://digitalcommons.cedarville.edu/business_administration_publications
Part of the Business Commons, and the Christianity Commons

Recommended Citation
http://digitalcommons.cedarville.edu/business_administration_publications/94

This Book Chapter is brought to you for free and open access by
DigitalCommons@Cedarville, a service of the Centennial Library. It has
been accepted for inclusion in Business Administration Faculty
Publications by an authorized administrator of
DigitalCommons@Cedarville. For more information, please contact
digitalcommons@cedarville.edu.
Opening the American Mind
The Integration of Biblical Truth in the Curriculum of the University

W. David Beck

BAKER BOOK HOUSE
Grand Rapids, Michigan 49516
It is difficult to define "Christian economics."1 Some philosophers and theologians believe that even to think of Christian economics is misguided, as Ronald H. Nash says: "There is no such thing as revealed economics. There is no such thing as positive Christian economics. The distinction that counts is that between good and bad economics. I make no attempt to deduce a system of economics from the Bible. Such an activity strikes me as muddled as an attempt to deduce a theory of the solar system from the Bible."2 However, Nash explains that he does not mean that one's thoughts on economics should be isolated from Scripture or detached from a Christian worldview. If an economic theory is true, it will be congruous with Scripture and a worldview based on biblical revelation.

By contrast, Gary North states that "the Decalogue itself is the

1 Some authors have tried to formulate an explicitly Christian economics. The results have been variable and wholly inconsistent
2 Poverty and Wealth: The Christian Debate over Capitalism (Westchester, Ill.: Crossway 1986), 12
master plan, the *blueprint* for biblical social order. These laws have very definite economic implications. This sort of thinking is foreign to virtually all modern Christian social and economic thinkers, whether conservative or liberal, Protestant or Catholic. 3

In my opinion, the Bible does not contain an explicit blueprint for economics. Economics is as old as humanity, but it has existed as a discipline for just over two hundred years. 4 Economics traces its birth as a “science” to the publication in 1776 of Adam Smith’s *Inquiry into the Nature and Causes of the Wealth of Nations*. It was around that time that capitalism developed both in North America and on the European continent. To insist that capitalism existed at the time of the writing of the Bible is both erroneous and irrelevant. Ancient economies were motivated by reciprocity and redistribution and consequently were stagnant. Individuals performed economic duties for one another in return for a reciprocal task. A certain portion of one’s produce was brought to a central storage facility to protect against unforeseen contingencies. This is not to say that markets did not exist, but rather that there was no market economy. Individuals did meet to buy and sell, but few were totally dependent upon commerce for their survival.

The encumbrance of capitalism on ancient economies points to the need to avoid the “deductive impulse” 5 when ascertaining the proper relationship between the Bible and economics. The deductive impulse occurs when one takes specific historical situations in operation at the time of the writing of Scripture and treats them as if they were God-ordained for all time. Giving in to the deductive impulse in relation to the command in 2 Timothy 4:13 would involve packing one’s bags and setting sail for Troas! If one were to follow the deductive impulse it would be possible to deduce that the Book of Acts endorses socialism. Acts 2:44–47 and 4:32–35 clearly indicate that there was a sharing of goods. Does one conclude that socialism is the economic system the New Testament supports? No, the second and fourth chapters of Acts detail a spe-

---


4. Economics is as old as fallen man. Before the fall, there was no need to make economic decisions in the same way we do today.

5. Taken from a lecture by Ronald Nash delivered April 7, 1989, at a Conference on Christian Economics sponsored by the Center for Business and Government at Liberty University and the Contemporary Economics and-Business Association (CEBA).
cific historical situation confronted by God’s people according to his will. The community of goods in Acts does not encourage socialism as a system. Another example of the deductive impulse is to say that the Bible favors a return to a metallic-based currency simply because Scripture speaks in terms of weights and measures when referring to money. A return to currency backed by precious metals may very well be consistent with a Christian worldview, but not because the Bible speaks in terms of precious metals. Scripture describes monetary transactions in terms of precious metal because precious metals were the commodity that functioned as money at the time of the writing of the Old Testament.

One should avoid searching for a simple economic blueprint in Scripture and refrain from the urge to follow the deductive impulse. At the same time, one should seek to start from an explicitly Christian worldview. In the field of economics it is extremely difficult to know truth apart from the absolute standard of the Bible; individuals have arrived at opposite conclusions when identifying a “good” and “true” system of political economy. Proponents of a Marxist solution believe just as strongly as those who favor an allocation of resources by a free market that their system is the only system. This difference of opinion over the best economic system is not limited to secular scholars. Well-meaning Christians have proposed different versions of economic “truth” as supposedly revealed in the Bible. It is correct that God is the author of all truth, and that all truth is God’s truth; but with economics, the actual determination of truth is in itself an insurmountable task without the aid of an objective standard explaining the foundations of social reality. One’s economics is unquestionably effected by the way one views the world, by how one thinks the world works. The

6. This was a specific example where the sharing of goods was voluntary.
7. There is a movement among conservative Christians for a return to a metallic-backed currency or even a free market in money. This is due to a desire to eradicate the immoral redistributive effects (theft) that result from inflation inherent in our current monetary system. Removal of inflation would be commensurate with price level stability or “honest money.” In actuality it is not necessary to have a currency backed by gold or silver to achieve price level stability. Stability could be achieved by stripping the Federal Reserve of all discretionary policymaking power. The Fed should proceed according to a precise monetary rule: Specifically, the rate of growth of the money supply should be equal to the rate of growth of output adjusted for changes in the velocity of money. This would lead to honest money.
8. Witness the chasm between the liberation theologians (Marxists) and theonomists or reconstructionists (free market). Both of these groups claim to be Christian and believe the Bible supports their position. Obviously, either one or both of them must be wrong.
Bible alone has God’s special revelation of the true human condition and environment. Hence, Christians should be able to develop economic theory based on the way the world actually does work.

To be truly biblical, one’s worldview must by necessity explicitly refer to Scripture. One should start from Scripture, not reasoning deductively, but inductively. To start from specific historical circumstances and attempt to define economic reality on the basis of what was done in the past is to open the door to any interpretation that happens to strike one’s imagination. One must garner specific principles from the Bible that deal with economic matters and then apply those principles to today’s historical situation. One must build economic theory from what the Bible says about human nature and the human condition.

Economic theory that is based on a solidly biblical worldview will not be applicable exclusively to Christians. It will be equally apropos to individuals of any religious or ethnic group. A biblically based economics will transcend the labels liberal or conservative. It will not necessarily be “capitalistic” or “socialistic.” Economic theory derived from a biblical understanding will simply be correct.

**The Biblical Basis for a Christian View of Economics**

The Bible makes certain assertions that are directly pertinent to economics. In turn, we can use these data to formulate some basic principles of political economy.

**Individual Responsibility**

According to Udo Middelmann, “the Bible says remarkably little about business practice and systems for the distribution of wealth.” Most of the references to economics in Scripture refer to individuals and their relationship to wealth, not to specific economic systems. “The Bible enters its concern on persons.” Proverbs indicates that one source of poverty is the actions of individuals. Idleness (Prov. 6:10–11), parsimoniousness (Prov. 11:24),

9. This does not imply that Christians have no greater responsibility to the poor than non-Christians. If fact, Christians do have a unique responsibility and right to share material things with those in need, particularly those of the household of God (Gal. 6:10).


11. Ibid.
hedonism (Prov. 21:17), drunkenness and gluttony (Prov. 23:21), and foolish endeavors (Prov. 28:19) are given as reasons for poverty. These verses do not imply that individuals are always responsible for their own poverty or that everyone who practices bad habits will be poor.

Other causes of poverty include calamity, exploitation, and personal sacrifice. Calamity is beyond the control of the individual and may reduce not only individuals but also entire societies to poverty. Exploitation involves governments, businesses, or individuals taking unfair advantage of people under their control. Personal sacrifice might be referred to as voluntary poverty and include full-time volunteers or people who give away large portions of their income.

One implication of the verses from Proverbs is that most people in a free democratic society should not attribute their individual wealth or their poverty to other people. People are responsible for their economic situation. In some situations (e.g., theft, slavery, or totalitarian control), one individual may very well be responsible for another’s poverty. Individuals in a society where political and economic freedoms are curtailed may well find themselves shackled by tyranny and unable to pull themselves out of their economic situation. One economic system is more conducive to economic growth than another economic system. Capitalism is the only organizational pattern that allows and is instrumental in the accumulation of economic wealth and hence the eradication of poverty. What is important in the current socioeconomic situation in the United States (i.e., interventionist welfare state) is that individuals assume responsibility for their situation. The economic infrastructure in the United States does allow for resource mobility. People who are dissatisfied with their economic situation may choose to move to a different city or state in search of monetary success.

Another lesson that one must glean from Scripture’s emphasis on individuals is that economics should focus on the behavior of the individual and how an individual might change the economic system. One cannot hope to formulate an economic system that will provide a utopian environment because the ultimate problem lies with individual sin. To attempt to change individuals through a

---

specific economic system is to commit the "enlightenment error." Any economic theory that reflects a Christian worldview must realize that there is no salvation in a particular system.

**Scarcity and Insatiability of Wants**

The basis for the discipline of economics is the scarcity of resources coupled with the innate propensity of human beings to want more. If resources were not scarce, there would be no economics because needs and wants would be readily fulfilled. Scarcity and the insatiability of desires ultimately originate in the fall, and so any correct economic theory must conform to the biblical account of man's fall.

To Adam he said, "Because you listened to your wife and ate from the tree about which I commanded you, 'You must not eat of it,' Cursed is the ground because of you; through painful toil you will eat of it all the days of your life. It will produce thorns and thistles for you, and you will eat the plants of the field. By the sweat of your brow you will eat your food until you return to the ground, since from it you were taken; for dust you are, and to dust you will return." [Gen. 3:17-19]

At least two results of the fall directly influence the discipline of economics. The first is the fact that humanity is destined to "toil" for its livelihood. The fall imposed constraints such that we cannot easily provide for our material needs and wants. This lack of usable resources is known as scarcity. The second result of the fall that directly effects economics relates to the effect of original sin on desires. Post-fall desires are effectively insatiable. When people achieve goals set for themselves, they can find no satisfaction. The relationship that Adam and Eve had with God in the Garden of Eden is lost. Until one's relationship with God is set right, people will not find complete, permanent gratification of their inmost desires. They will attempt to fill the void caused by the absence of a


14. "An item is a scarce good if the amount available (offered to users) is less than the amount people would want if it were given away free of charge." See Roy J. Ruffin and Paul R. Gregory, *Principles of Economics*, 5th ed. (Glenview, Ill.: Scott, Foresman, and Company, 1988), 32.
right relationship with God with material possessions or some other object that is not God.\textsuperscript{15}

Economics itself derives from the fall. If there had been no fall there would be no economics. When Adam and Eve were in the garden "... they could do as they pleased ... [they] refus[ed] to worry about time, [and] it is possible that they had no concept of scarcity."\textsuperscript{16} With no concept of scarcity there would be no need to economize; economic decision would be virtually nonexistent. Even if one recognizes that time was not infinite for Adam and Eve (and hence scarce), they had communion with God. He met both their needs and wants. Economics had its birth with the fall of man.

**Humanity's Sinful Nature**

"Political economy," writes Michael Novak, "must deal with humans as they are."\textsuperscript{17} For an economic theory to be correct it must recognize the fact of universal sin, the essence of which is selfishness. It must also be recognized that our sinful nature leads us to abuse power; as Lord Acton observed, "Power corrupts, and absolute power corrupts absolutely." For these reasons, an economic system that treats humanity as perfectible is destined to fail. (This view of humanity was held by Karl Marx, who believed that human nature was determined by the economic environment. When one eradicated capitalism, humans would be free to pursue noble goals.\textsuperscript{18} Fixation with an economic system, however, rather than concentration on individuals in the system, leads to tyrannical control and callousness about human life,\textsuperscript{19} as the murderous escapades of communist regimes show.)

\textsuperscript{15} In *Idols*, chap. 3, Schlossberg presents an excellent discussion of the idolatry of mammon. See also Beisner, *Prosperity*, chap. 1.


\textsuperscript{19} This is an extreme example of what Schlossberg calls the "Enlightenment mistake" (*Idols*, 105). The Enlightenment error occurs when one attributes problems, and hence suggests solutions, to elements of one's environment, including the economic system. The particular quote is taken from a section of *Idols* in which Schlossberg is criticizing the Austrian School of economic thought. The Austrian School is perhaps the most free-market oriented of any school of economic thought and is hence espoused by many conservative Christians. However, members of the Austrian School do believe that solution to economic problems may be found by changing the economic system, not by changing the person.
By contrast, Jesus was the perfect opposite of selfishness. He did acknowledge that there is a proper love of self, which, in the words of Henry C. Thiessen, “constitutes the basis of self-respect, self-preservation, self-improvement, and of a proper regard for others. None of this is inherently sinful.” Economists have long recognized that a certain self-interest, as opposed to selfishness, is both natural and healthy. Correct economics must first deal with individual behavior and then work to restrain the totalitarianism that will emerge if individuals are given too much power. Economic theory based on a Christian worldview must reflect the individual’s self-interest without promoting selfishness. It must devise a system of checks and balances to avoid concentration of power.

**Justice**

Good economics must conform to biblical concepts of justice. If an economic system is not just, it will not long remain a workable system. The inhabitants of the country will eventually rebel. There are two images of justice in the Bible. One deals with conformity to a right standard and implies that it is necessary to have truthfulness in all economic transactions. All behavior is judged by the same standards, “... the same standards apply equally to all people in all relationships.” The second image of justice in the Bible says that one must give to each according to what is due. Compensation is rendered according to what an individual has produced. In labor transactions (i.e., wages or salaries) this entails paying each person according to his marginal productivity.

Classical and Christian traditions lead one to similar results about what is just for individuals and hence what is just for a society composed of those individuals. Classical tradition relies heavily on natural law for its basis, while Christian tradition is based on the


21. There are many examples of revolt and rebellion against communist dictatorships. Perhaps the clearest example in the minds of many Westerners is the protests in China during April and May 1989. Via satellite one was able to see daily the students demonstrating for freedom—and the inevitable crackdown by the Chinese government.


23. Ibid., 44.

24. Marginal productivity is the “increase in output per period that results from increasing the factor by one unit, holding all other inputs and the level of technology fixed.” Ruffin and Gregory, *Principles*, 748. See James Gwartney and Richard Stroup, *Microeconomics: Private and Public Choice*, 5th ed. (San Diego: Harcourt Brace Jovanovich, 1987), 268–70, for a discussion pertaining to the difficulties of applying this criterion in a modern economy.
Torah as well as natural law. Romans 2:14–15 declares that the Gentiles “do by nature things required by the law” and that the “requirements of the law are written on their hearts.” “Thus Christian thought widely recognizes that the fundamental requirements of God’s law are recognized by all men everywhere.”

While the “natural man” does not accept spiritual matters (1 Cor. 2:14), he can and does recognize righteousness. Hence, biblical law and natural law are in harmony. If natural law conflicts with the clear revelation of Scripture, natural man has distorted the general revelation of God, and the distorted “natural law” is not truth or law. By developing an economic theory consistent with correctly interpreted natural law one will provide the ethical basis necessary to conduct business in a pluralistic society.

**Creation in the Image of God**

We are created in the image of God. Because of this creative endowment, we are rational, moral, and able to execute volitional judgments. Correct economic theory must be consonant with that rationality, morality, and free agency. We are also imbued with a certain amount of creativity. An economic system that encourages creativity will encourage the creation of wealth. An economic system that stifles creativity will also suppress the creation of wealth and will by its very nature fail to eradicate poverty to the extent which a system that promotes creativity will eradicate poverty.

“The God of the Bible is a Person who thinks, feels, and acts. . . . Man made in the image of this God, is defined by God’s intentions and actions. The emphasis on the human being as a choice-maker in the image of the Creator is central to the Bible.” Because we are able to make rational judgments, the incentive structure is all-important. An incentive structure that sanctions thrift, hard work, and honesty will lead beings created in the image of their Maker to produce the maximum possible wealth given the constraints they face. An economic system that fails to induce individuals to labor to their potential will not be consistent with individuals who are

made in the image of God. It would encourage idleness, stinginess, pleasure seeking, and dishonesty. These behaviors are at the root of the poverty people want to eliminate. Perverse incentive structures obviously lead to poor economic performance.

The Nature of a Christian View of Economics

A Christian view of economics should be consistent with a biblical explanation for the condition and environment of humanity. It must be based on scarcity and the insatiability of wants. A Christian view of economics requires an anthropological perspective that encompasses both the fact of sin and the fact that we are created in the image of our Maker. A correct economic system will deal in terms of justice as delineated in the Bible and shown in natural law not as the product of ressentiment generated by a distorted view of social justice. The five principles of the sociological condition of man are not meant to be exclusive of other postulates derived from Scripture that will affect political economy. They will, however, serve as a starting point for the development of an economic theory consistent with a Christian worldview.

Christians should endeavor to live their lives in a manner that is pleasing to God. As much as it is possible we should be at peace with all men. The elect need to shine as lights in a world shrouded in darkness. The unfortunate truth is that God’s children are in the minority, and the number of Christians who live in such a way as to glorify God is small indeed. It is unrealistic in a pluralistic society to expect individuals to act as though they were born from above and to live in conformity to the image of Christ. It is unrealistic to assume that unregenerate individuals will behave with altruistic motives and treat each other as they would have others treat themselves. A Christian view of economics is not primarily to teach believers how to behave in this world. Right behavior is of great importance, but a Christian view of economics goes beyond individual behavior. To be of greatest service to humanity, a Christian view of economics must deal with the world as it is, not as the way one would like it to be.

Principles of a Christian View of Economics

Economics is a way of thinking; it is a specific methodology. To derive principles of a Christian view of economics one begins with basic postulates of a Christian worldview and builds a system of
political economy from those axioms. One's way of approaching the economic problem of scarcity coupled with insatiability of wants (which itself derives from the fall) is tempered by one's worldview. Economics gives one a set of tools to use in making economic decisions. A Christian view of economic theory provides a correct and well-honed instrument for understanding economic reality and making consistent decisions.

Scarcity is at the heart of all economic systems. Poverty is a direct result of the fall and of the consequences subsequently incurred. The entire creation longs for release from the constraints imposed at the fall (Rom. 8:20). How one answers the question of how best to allocate scarce resources is what economics is all about. In fact, the standard definition given in economics textbooks of economics is consistent with a Christian worldview.

While the secular world defines the central tenet of economics correctly, the manner in which the problem is dealt with is frequently faulty. The individual is pushed to the rear of the bus and does not reemerge until most of the pertinent economic questions have been answered. A proper emphasis is not placed on individuals and how they respond and react in the context of the economic system. A Christian view of the economic problem will place emphasis on the individual as a decisionmaker created in the image of God. The primacy of an individual's decisions will then be applied to developing an economic model that describes how the

---

29. Resources are also called factors of production and are defined as "the resources used to produce goods and services: they can be divided into three categories—land, labor, and capital." Ruffin and Gregory, *Principles*, 33.

30. A leading textbook defines economics as "the study of how a society chooses to use its limited resources (land, labor, and capital goods) to produce, exchange and consume goods and services." "Economics is the study of how scarce resources are allocated among competing ends." Ruffin and Gregory, *Principles*, 3, 31.

31. Socialism is the greatest example of how individuals are relegated to the dustbins of economic importance, but the same error is made in capitalistic analysis. Most standard textbooks begin their analysis with macroeconomics (which looks at economics from the perspective of the entire economy) without a full understanding of microeconomics (which purports to explain the behavior of the individual). Hence, an effort is made to understand the whole without first understanding the parts. The whole may not always be the sum of its parts, but it is ludicrous to expect one to fully understand an economic system composed of individual economic agents without first understanding the agents themselves. The reason for this structure is that the standard economic dogma denigrates the place of the individual.

32. Economic models are necessary because of the complexity of the economic environment. Humans do not have the ability to simultaneously process all the data in any given economic situation. Therefore one abstracts from economic reality by choosing what one believes are the most important economic variables. One then studies the chosen variables in an attempt to understand the complex economic environment.
world works. An economic model that places proper emphasis on the individual will suggest a market allocation of resources. However, a fundamentally free market does not imply libertarian anarchy. A limited civil government does play a key role in an economic system based on a Christian worldview.

Because the individual is central to a Christian understanding of economics, the incentive structure of the economic system will also be of central concern. Humans are rational beings and respond in more or less predictable ways. The manner in which individuals are motivated must reflect the fact of indwelling sin. There are essentially two types of external incentives. Individuals may be motivated positively or negatively. Positive motivations occur when individuals are given reward for their efforts. Reward in the economic realm entails allowing economic agents to partake in the fruits of their labors. One is remunerated according to the net additions to the economy. If one is productive, one receives the benefits from that productivity. If one fails to produce, no reward is forthcoming.

Negative motivation occurs when punishment is meted out when a specific object is not obtained. There is little reward for exceeding the set objective, only punishment for failure and the consequential fear that is generated. Negative motivation gives rational beings little incentive to excel. It is rational simply to attempt to survive. Capitalism, for example, rewards in a positive fashion; a planned economy rewards in a negative way.

To have a properly functioning incentive structure, the society must be free. Economic agents must be free to succeed or fail based on their use of resources in a competitive environment. When the incentive structure of an economic system is bound by regulation and government control, individuals cannot economize efficiently. They are unable to receive the full benefits of their work and hence

33. What one does not want to do is to assume that market allocation of resources is not compassionate and hence cannot be consistent with a Christian worldview. If an economic system restrains economic growth, the system itself will lead to further poverty or will stand in the way of elimination of poverty. Good intentions about the redistribution (the economist's word for theft) of income do not lead to the desired result. See Charles Murray, *Losing Ground: American Social Policy 1950–1980* (New York: Basic, 1984).

34. Some are more or some less rational than others! What is important is that on average individuals perform in a predictable manner.

35. This does not deny that there are internal incentives which may motivate individuals to make certain economic decisions. However, material incentives are the strongest motivating factors in the economic realm. See E. Calvin Beisner, "Christian Economics: A System Whose Time Has Come?" a lecture delivered at the conference on Christian Perspectives on the Free Enterprise System, April 7, 1989, at Liberty University.
are not able to adequately judge costs and benefits. Without economic freedom it is likely that the cost for inefficient use of resources will be lower than if the producers were competing against each other. This leads to waste. Goods that could be produced are left unproduced. Wealth is created only as goods are produced. If goods are not produced, wealth is not created, and the world is poorer as a corollary. Poverty is extended.

A free society with a limited civil government is favorable to making the most from the limited resources available. A free market not only allows individuals to work to the glory of God, but also best restrains the corruption that results when political and economic power is concentrated in a few hands. In a free market, as economic profit\textsuperscript{36} accru es to an individual, other entrepreneurs are attracted to the industry. As these newcomers in the market begin to compete, they take demand away from the original producer. In this way economic power is restrained.

A free market is the best system for harnessing the sinful nature of individuals to work for the good of society as a whole. By pursuing their own self-interest individuals in a free-market economy are more likely to further the needs of society as a whole. Perhaps the most eloquent statement of this fact was made by Adam Smith over two hundred years ago:

Every individual is continually exerting himself to find out the most advantageous employment for whatever capital he can command. It is his own advantage, indeed, and not that of society which he has in view. But the study of his own advantage naturally, or rather necessarily, leads him to prefer that employment which is most advantageous to society... He intends his own gain, and he is in this, as in many other cases, led by an invisible hand to promote an end which was not part of his intention. By pursuing his own interest he frequently promotes that of society more effectually than when he really intends to promote it.\textsuperscript{37}

The now-famous "invisible hand" was simply an elucidation of economics built from a Christian worldview.\textsuperscript{38} Society is best

\textsuperscript{36} Economic profit refers to a return over and above that necessary to induce an entrepreneur to remain in the business. It represents an "icing on the cake."


\textsuperscript{38} Adam Smith was not an evangelical Christian as the term is understood today. He was knowledgeable, however, about Scripture, and his worldview was formed to some extent by the Bible. See my unpublished monograph "The Epistemology of Adam Smith."
served through the free market because individuals must compete in the marketplace for the business of their customers. If producers cannot serve the public with as low a price (and therefore with fewer resources) as their competitors they will be driven from the industry. The “loser” in the economic battle is then free to produce any type of good for which a demand exists. In this way maximum output is derived from the resources available. The more output is produced, the more wealth is created and hence the less poverty.\textsuperscript{39} In a free-market economy the fact of innate sinfulness is taken and used to promote the elimination of poverty.

The appropriate question to ask when one is attempting to determine why one nation has more wealth than another nation is not What made the destitute nation poor? The proper question is why more successful nations have material prosperity. This is analogous to the unregenerate asking how a loving God could allow an eternity in hell. The person who has met God through Christ Jesus asks, “How can a holy God save someone like me?” Part of the depraved nature is that one has a tendency toward envy. The natural economic condition is poverty. The history of the world is fraught with the story of how poverty has held humanity in its grasp. The anomaly is not that there are less-developed countries today, but that there are developed countries. A free-market economy has allowed the majority of individuals to partake in the prosperity that has come through the rational economy practiced by application of free-market principles. While capitalism has led and will continue to lead to some concentration of wealth, it has led to the eradication of poverty when its principles have been allowed to work. The wealth that is concentrated is wealth that did not exist before the market was allowed to function.

Capitalism not only has placed wealth in the hands of workers, but also has ensured that the goods that are produced are those they desired. To be competitive in the marketplace each entrepreneur must be able to sell the good that is produced. Economic agents that buy the goods are those with purchasing power. Because a free market distributes the wealth generated

\textsuperscript{39} This may not be the case if there is monopolization of a specific industry. By virtue of its control over price the monopolist is able to restrict quantity and raise price. This may lead to economic profits in the long run and concentration of wealth to the monopolist. If the monopolist has gained the market position through innovation and success in the competitive arena, it would be unjust to take the results of hard work and “redistribute” it to another party.
among those who have had a hand in its creation, the workers are able to demand the goods they desire and hence dictate what is produced.\footnote{40}

A free market is consistent with a Christian view of economic justice. There is a certain congruence between “... biblical justice and economic efficiency. These two standards always yield the same results because God made spiritual and material reality consistent with each other.”\footnote{41} A redistributive system takes the produce of one individual and “assigns” it to another. A Christian concept of economic justice is to render to each according to his due. Each individual must be treated equally. There should be no partiality in economic transactions. A free market distributes wealth according to one’s contribution. Individuals may sometimes “feel” they are not receiving their “fair” share. They envy what others have and desire it for themselves. This will induce the economic agents in question to take measures to see that more wealth comes their way, that their slice of the economic pie is larger. It is quite possible that they will now receive more than what they produce, Economic justice has been violated because of envy. Covetousness is at the heart of economic redistribution.

A free-market system for resource allocation is the economic system most consistent with a Christian worldview. However, one must keep in mind that the economic problem will not be solved by a system. There are no magic solutions to the problem of scarcity. The core of the problem is sin. No economic system will change human depravity. Even with conversion, the sinful nature remains; hence the individual must live under the leadership of the Holy Spirit to overcome the innate propensity to sin. A free market best deals with the fact of sinfulness, but it will not change it. Proponents of the Austrian School of economic thought are perhaps the greatest advocates of the free market. Yet, they “... make the same Enlightenment mistake, supposing that a technical solution, such as the return to the gold standard, will eliminate the evils they have identified.”\footnote{42} The same rudimentary flaw is inherent in the logic of those who advocate Statism. “The basic assumption justifying the extension of government power over economic

\footnote{40}{Obviously the laborer will not be the only one who has an effective demand. A free market will ensure that all who have means will be able to purchase the goods they value most highly.}
\footnote{41}{Beiner, \textit{Prosperity}, xiii.}
\footnote{42}{Schlossberg, \textit{Idol}, 105.}
life is the Enlightenment conviction that the people have the goodness and wisdom to control other people. Individuals are sinful and will abuse power. No economic system will remove scarcity. It is inherent in all of human existence. Neither capitalism nor socialism will change the results of the fall. The utopian solution all humanity dreams of will not be attainable until the eschatological climax of the age.

An Example of a Christian View of Economics

Minimum-wage legislation was enacted in 1938 with the passage of the Fair Labor Standards Act. The legislation requires that all workers in specified industries be paid at least the stated minimum hourly rate of pay. The motive for passage of the act was humanitarian. The intention was to provide for the working poor. Some individuals certainly gained from the legislation. Those who retained their jobs after the passage of minimum-wage legislation were paid a higher wage. Economic theory suggests that as the wage rate increases, fewer workers will be hired. In human terms, that means more unemployment than would be the case if the market were allowed to determine the level of employment. Many individuals gained, but only at the expense of those who lost their jobs. The amount of wealth produced fell as output dropped because of higher input costs. Minimum-wage legislation is a negative sum game in the short run.

The long-run consequences of minimum-wage legislation have failed to receive adequate analysis. The secondary effects of the law have proved to be more detrimental than the initial effects. As years have passed not only have the redistributive effects of the law taken wealth from one individual and given it to another, but as a group, low-skilled individuals who were the initial beneficiaries have been harmed. Entry-level jobs that might be used as “stepping stones” have been eliminated. Workers with low skills are priced out of the labor market. Hence, the door of opportunity is slammed in the faces of people without marketable skills. They are relegated to employment with very little possibility for advancement. It then becomes difficult to attain job experience. Certain work habits necessary for successful employment are best learned through simple experience. Because of minimum-wage

43. Ibid., 126.
44. Gwartney and Stroup, Microeconomics, 291–95.
A free-market perspective on the minimum wage might seem uncharitable to the uninitiated who make only a cursory analysis. If the market determines that wages are below what certain special-interest groups, or even the general populace, believe is sufficient, then wages simply appear too low. The basis for this appearance is envy and covetousness. Failure to enact minimum-wage laws will not take income from the least productive members of society and distribute it to individuals with more skills. Total output will not fall if the laws are not enacted. The true basis for wealth is the output of a nation. Income is generated when output is produced. Therefore it follows that if output is not generated, wealth will not be created. If minimum-wage laws do not pass the Congress, low-skilled workers will not be priced out of the market. They will be able to gain access to entry-level jobs and gain work experience, thus making them productive members of society. If the market is allowed to determine wage rates, the most equitable result possible will emerge. The good intentions of legislators result in harmful consequences that fall upon the very individuals the laws were designed to help. A free market remains the most just economic system. A Christian worldview is consistent with a free market and in fact demands a free market.