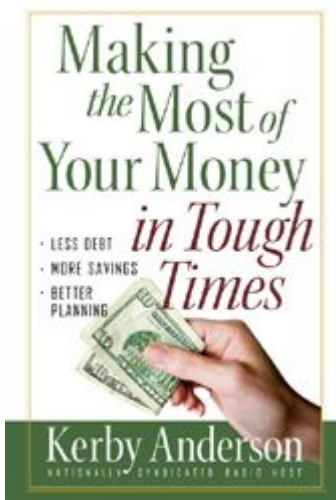


# A Biblical View of Economics – A Christian Life Perspective

Written by Kerby Anderson

*Kerby Anderson shows that economics is an important part of one's Christian worldview. Our view of economics is where many of Christ's teachings find their daily application.*

In this article we are going to be developing a Christian view of economics. Although most of us do not think of economics in moral terms, there has (until the last century) always been a strong connection between economics and Christian thought.



If you look at the *Summa Theologica* of Thomas Aquinas, you find whole sections of his theological work devoted to economic issues. He asked such questions as: "What is a just price?" or "How should we deal with poverty?"

Today, these questions, if they are even discussed at all, would be discussed in a class on economic theory. But in his time, these were theological questions that were a critical and integral part of the educational curricula.

In the Protestant Reformation, we find the same thing. In John Calvin's *Institutes of the Christian Religion*, whole sections

are devoted to government and economics. So Christians should not feel that economics is outside the domain of Christian thinking. If anything, we need to recapture this arena and bring a strong biblical message to it.

In reality, the Bible speaks to economic issues more than any other issue. Whole sections of the book of Proverbs and many of the parables of Jesus deal with economic matters. They tell us what our attitude should be toward wealth and how a Christian should handle his or her finances. The Bible also provides a description of human nature, which helps us evaluate the possible success of an economic system in society.

The Bible teaches that there are two aspects to human nature. First, we are created in the image of God and thus able to control the economic system. But second, human beings are sinful and thus tend towards greed and exploitation. This points to the need to protect individuals from human sinfulness in the economic system. So Christians have a much more balanced view of economics and can therefore construct economic theories and analyze existing economic systems.

Christians should see the fallacy of such utopian economic theories because they fail to take seriously human sinfulness. Instead of changing people from the inside out as the gospel does, Marxists believe that people will be changed from the outside in. Change the economic base, they say, and you will change human beings. This is one of the reasons that Marxism was doomed to failure, because it did not take into account human sinfulness and our need for spiritual redemption.

It is important for Christians to think about the economic arena. It is a place where much of everyday life takes place, and we can evaluate economics from a biblical perspective. When we use the Bible as our framework, we can begin to construct a government and an economy that liberates human potentiality and limits human sinfulness.

Many Christians are surprised to find out how much the Bible says about economic issues. And one of the most important aspects of the biblical teaching is not the specific economic matters it explores, but the more general description of human nature.

## **Economics and Human Nature**

When we are looking at either theories of government or theories of economics, an important starting point is our view of human nature. This helps us analyze these theories and predict their possible success in society. Therefore, we must go to the Scriptures to evaluate the very foundation of each economic theory.

First, the Bible says that human beings are created in the image of God. This implies that we have rationality and responsibility. Because we have rationality and volition, we can choose between various competing products and services. Furthermore, we can function within a market system in which people can exercise their power of choice. We are not like the animals that are governed by instinct. We are governed by rationality and can make meaningful choices within a market system.

We can also assume that private property can exist within this system because of the biblical idea of dominion. In Genesis 1:28, God says we are to subdue the earth and have dominion over the creation. Certainly one aspect of this is that humans can own property in which they can exercise their dominion.

Since we have both volition and private property rights, we can then assume that we should have the freedom to exchange these private property rights in a free market where goods and services can be exchanged.

The second part of human nature is also important. The Bible describes the fall of the world and the fall of mankind. We

are fallen creatures with a sin nature. This sinfulness manifests itself in selfishness, greed, and exploitation. Thus, we need some protection in an economic system from the sinful effects of human interaction.

Since the Bible teaches about the effects of sinful behavior on the world, we should be concerned about any system that would concentrate economic power and thereby unleash the ravages of sinful behavior on the society. Christians, therefore, should reject state-controlled or centrally controlled economies, which would concentrate power in the hands of a few sinful individuals. Instead, we should support an economic system that would disperse that power and protect us from greed and exploitation.

Finally, we should also recognize that not only is human nature fallen, but the world is fallen. The world has become a place of decay and scarcity. In a fallen world, we have to be good managers of the limited resources that can be made available in a market economy. God has given us dominion over His creation, and we must be good stewards of the resources at our disposal.

The free enterprise system has provided the greatest amount of freedom and the most effective economic gains of any economic system ever devised. Nevertheless, Christians often wonder if they can support capitalism. So the rest of this article, we are going to take a closer look at the free enterprise system.

## **Capitalism: Foundations**

Capitalism had its beginning with the publication of *The Wealth of Nations*, written by Adam Smith in 1776. He argued that the mercantile economic system working at that time in Great Britain was not the best economic foundation. Instead, he argued that the wealth of nations could be increased by allowing the individual to seek his own self-interest and by removing governmental control over the economy.

His theory rested on three major premises. First, his system was based upon the observation that people are motivated by self-interest. He said, "It is not from the benevolence of the butcher, the brewer, or the baker that we expect our dinner, but from their regard to their own interest." Smith went on to say that "neither intends to promote the public interest," yet each is "led by an invisible hand to promote an end that was not part of [his] intention."

A second premise of Adam Smith was the acceptance of private property. Property was not to be held in common but owned and freely traded in a market system. Profits generated from the use and exchange of private property rights provided incentive and became the mechanism that drives the capitalist system.

From a Christian perspective we can see that the basis of private property rests in our being created in God's image. We can make choices over property that we can exchange in a market system. The need for private property grows out of our sinfulness. Our sinful nature produces laziness, neglect, and slothfulness. Economic justice can best be achieved if each person is accountable for his own productivity.

A third premise of Adam Smith's theory was the minimization of the role of government. Borrowing a phrase from the French physiocrats, he called this *laissez-faire*. Smith argued that we should decrease the role of government and increase the role of a free market.

Historically, capitalism has had a number of advantages. It has liberated economic potential. It has also provided the foundation for a great deal of political and economic freedom. When government is not controlling markets, then there is economic freedom to be involved in a whole array of entrepreneurial activities.

Capitalism has also led to a great deal of political freedom, because once you limit the role of government in economics,

you limit the scope of government in other areas. It is no accident that most of the countries with the greatest political freedom usually have a great deal of economic freedom.

At the outset, let me say that Christians cannot and should not endorse every aspect of capitalism. For example, many proponents of capitalism hold a view known as utilitarianism, which is opposed to the notion of biblical absolutes. Certainly we must reject this philosophy. But here I would like to provide an economic critique.

## **Capitalism: Economic Criticisms**

The first economic criticism is that capitalism leads to monopolies. These develop for two reasons: too little government and too much government. Monopolies have occurred in the past because government has not been willing to exercise its God-given authority. Government finally stepped in and broke up the big trusts that were not allowing the free enterprise system to function correctly.

But in recent decades, the reason for monopolies has often been too much government. Many of the largest monopolies today are government sanctioned or sponsored monopolies that prevent true competition from taking place. The solution is for government to allow a freer market where competition can take place.

Let me add that many people often call markets with limited competition monopolies when the term is not appropriate. For example, the three major U.S. car companies may seem like a monopoly or oligopoly until you realize that in the market of consumer durables the true market is the entire western world.

The second criticism of capitalism is that it leads to pollution. In a capitalistic system, pollutants are considered externalities. The producer will incur costs that are external

to the firm so often there is no incentive to clean up the pollution. Instead, it is dumped into areas held in common such as the air or water.

The solution in this case is governmental intervention. But I don't believe that this should be a justification for building a massive bureaucracy. We need to find creative ways to direct self-interest so that people work towards the common good.

For example, most communities use the water supply from a river and dump treated waste back into the water to flow downstream. Often there is a tendency to cut corners and leave the waste treatment problem for those downstream. But if you required that the water intake pipe be downstream and the waste pipe be upstream you could insure less pollution problems. It is now in the self-interest of the community to clean the wastewater being pumped back into the river. So while there is a need for governmental action, much less might be needed if we think of creative ways to constrain self-interest and make it work for the common good.

We can acknowledge that although there are some valid economic criticisms of capitalism, these can be controlled by limited governmental control. And when capitalism is wisely controlled, it generates significant economic prosperity and economic freedom for its citizens. Next, let us discuss some of the moral problems of capitalism.

## **Capitalism: Moral Critiques**

One of the first moral arguments against capitalism involves the issue of greed. And this is why many Christians feel ambivalent towards the free enterprise system. After all, some critics of capitalism contend that this economic system makes people greedy.

To answer this question we need to resolve the following question. Does capitalism make people greedy or do we already

have greedy people who use the economic freedom of the capitalistic system to achieve their ends? In light of the biblical description of human nature, the latter seems more likely.

Because people are sinful and selfish, some are going to use the capitalist system to feed their greed. But that is not so much a criticism of capitalism as it is a realization of the human condition. The goal of capitalism is not to change people but to protect us from human sinfulness.

Capitalism is a system in which bad people can do the least harm, and good people have the freedom to do good works. Capitalism works well if you have completely moral individuals. But it also functions adequately when you have selfish and greedy people.

Important to this discussion is the realization that there is a difference between self-interest and selfishness. All people have self-interest and that can operate in ways that are not selfish. For example, it is in my self-interest to get a job and earn an income so that I can support my family. I can do that in ways that are not selfish.

Adam Smith recognized that every one of us have self-interest and rather than trying to change that, he made self-interest the motor of the capitalist system. And before you react to that, consider the fact that even the gospel appeals to our self-interest. It is in our self-interest to accept Jesus Christ as our savior so that our eternal destiny will be assured.

By contrast, other economic systems like socialism ignore the biblical definitions of human nature. Thus, they allow economic power to be centralized and concentrate power in the hands of a few greedy people. Those who complain of the influence major corporations have on our lives should consider the socialist alternative of how a few governmental



bureaucrats control every aspect of their lives.

Greed certainly occurs in the capitalist system. But it does not surface just in this economic system. It is part of our sinfulness. The solution is not to change the economic system, but to change human nature with the gospel of Jesus Christ.

In conclusion, we may readily acknowledge that capitalism has its flaws as an economic system, but it can be controlled to give us a great deal of economic prosperity and economic freedom.

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