Capitalism and Its Critics

Kerby Anderson provides a biblical perspective on capitalism, defending it against economic and moral criticisms.

Nearly two decades ago, I did a Probe radio program on capitalism and socialism. Since then, I have also written other booklets on socialism, which provide an answer to the claims of candidates from the Democratic Socialists of America. But there is also a need to set forth why capitalism and the free market need to be defended and supported.

Even back then, I was able to quote from a Rasmussen poll that indicated that a mere majority of Americans said that capitalism was better than socialism.{1} That majority quickly became a minority, especially among young people. A poll just a few years later of millennials found a majority (58 percent) would prefer to live in a socialist nation than a capitalist nation. And only a small percentage (42 percent) favored capitalism. Of course, many of them probably didn't even know how to define socialism (which is a problem today).

A recent Cato Institute poll of the GenZ population found that a majority of them (53%) view socialism favorably.{2} The poll also found that more than a third (39%) would be more likely to vote for a Democratic Socialist candidate.

Part of the problem with this shift to socialism is the fact that many young people do not understand what they are supporting. Socialism sounds fair to them. And capitalism sounds evil since they have seen numerous depictions of evil, greedy capitalists in the movies and television. Think of the last time you saw a successful businessman portrayed in the media.

Another obvious issue is the fact that younger Americans are less likely to associate socialism with Soviet-style repression. Instead, they are told (incorrectly) that

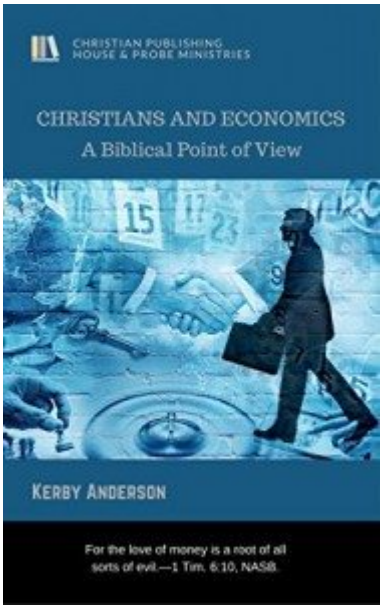
socialism is functioning well in Europe.

Also, young adults don't have "skin in the game" and thus do not think of the implications of an economic system on their future earnings. If they are in the economy, they are frustrated with the issue of affordability and naively think an economic transformation is the answer to their frustrations.

I am reminded of the famous phrase: "If you're not a liberal when you're 25, you have no heart. If you're not a conservative by the time you're 35, you have no brain." Arthur Brooks is someone I have interviewed many times, and he has proposed a variation: "A man who is not a socialist at 20 has no heart; a man who is still a socialist at 40 either has no head or pays no taxes."{3}

Capitalism Versus Socialism

How should we define capitalism and socialism? Here are some brief definitions of these two economic systems. You can find more information in my book on Christians and economics.{4}



Capitalism is an economic system in which there is private property, and the means of production are privately owned. In capitalism, there is a limited role for government. Socialism is an economic system in which there is public or state ownership of the means of production and the primary focus is on providing an equality of outcomes. In socialism, the state

is all-important and involved in central planning.

Many leaders of the Democratic Socialists argue that capitalism is doomed to fail because it leads to wealth inequality. Actor Mark Ruffalo concluded, “Capitalism today is failing us, killing us, and robbing from our children’s future.”

Steve Forbes disagrees. “Capitalism has done just the opposite! Deaths from famines are down 99% in the last 60 years. Standard of living, 10 times better than it was 50 years ago around the world.”{5}

He isn’t the only person saying that. Most people know Bono as a musician with the group U2. But here is what he said at the World Economic Forum: “Capitalism is not immoral—it’s amoral. It requires our instruction. Capitalism has taken more people out of poverty than any other ism.”{6}

Steve Forbes also argued: “Capitalism, free enterprise, free markets, whatever you call it is a moral system because success comes from meeting the needs and wants of others.” He further explained that capitalism is humane: “You may not love your neighbor, but you sure want to sell to your neighbor. It gets people working on a common objective, even if they don’t realize it.”

Another benefit of capitalism is technological innovation. Citizens are free to invent and are encouraged to do so because they can receive the financial benefits of their ideas and inventions.

This results in new products and technologies. It also results in higher-quality technologies. In a free market, the best way to get consumers to buy your product or service is to produce it more cheaply with higher quality. This, of course, also lowers consumer prices.

Economic Criticisms of Capitalism

People often reject the idea of capitalism because they believe one of the *economic* criticisms of capitalism. Here are two of these 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 monopolies that prevent true competition from taking place. Companies call for legislation that gives them a competitive advantage over other companies. 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 major car companies may seem like monopolies or oligopolies 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 may 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 regulation. But this need not 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.

The “capitalism leads to pollution” argument has failed. Instead, we find that as countries get richer there is more incentive and financial means to clean up pollution. This is called a Kuznets curve.{7} There are, of course, exceptions (especially with countries with inept governments and poor system of property rights). But the general rule is that as incomes go up, people focus on pollution.

Here’s what we find: when capitalism is wisely controlled, it generates significant economic prosperity and economic freedom for its citizens.

Moral Criticisms of Capitalism

Another reason people often reject the idea of capitalism is because they believe it is*immoral*.

One of the 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-interests 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.

Capitalism was founded on the observation that all of us have self-interest. Rather than trying to change that, economists saw that self-interest could be the motor of the capitalist system.

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. Capitalism may have its flaws as an economic system, but it can be controlled to give us a great deal of economic prosperity and economic freedom.

Biblical Perspective

Many Christians are surprised to learn that the Bible does address economic issues, even if it does not endorse any economic system. But we can use biblical principles to evaluate an economic system.

We begin with a biblical view of human nature. The Bible has what we could call a balanced view of human nature. Human beings are created in God's image (Genesis 1:27-28) and have a noble side influenced by rationality, compassion, and even altruism. But there is also a flaw in human beings. The Bible teaches that all are sinful (Romans 3:23) and that the heart of man is deceitful above all things (Jeremiah 17:9).

An economic system that allows for human flourishing must also protect against economic abuse. As we have already discussed, capitalism provides that opportunity.

Capitalism is also based upon the foundation of private property. First, the Bible teaches that everything belongs to the Lord (Psalm 24:1 – "The earth is the Lord's, and all it contains, the world, and those who dwell in it"). Second, we have been given dominion over the creation (Genesis 1:26-28). And the Bible does grant private property rights to individuals (Exodus 22). In fact, one of the Ten Commandments is about stealing, which implies property rights.

As Christians, we can also add our moral perspective to the economy. We read in Deuteronomy 8:18 to "Remember that it is the Lord your God who gives you the power to get wealth, in fulfillment of the covenant that He made on oath with your fathers."

And we should enjoy the fruits of our labor. "There is nothing better for a man than to eat and drink and tell himself that his labor is good" (Ecclesiastes 2:24). We should also "work heartily as for the Lord rather than for men" (Colossians 3:23).

Capitalism also promotes the work ethic. That is implied in the title of Max Weber's book, *The Protestant Ethic and the Spirit of Capitalism*. It is also an important aspect of Adam Smith's *Wealth of Nations*.

Many of the Proverbs (10:4, 13:4, 14:23) contrast the

difference between hard work and diligence versus idleness and sloth. In the New Testament, there is a strong emphasis on honest work (Ephesians 4:28) and self-reliance. There is also a warning in 2 Thessalonians 3:10 that "If anyone is not willing to work, let him not eat."

As Christians we should support a free market and reject the current attempts to implement a socialist economy in this country.

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The Great Reset

The Great Reset means different things to different people. Kerby Anderson provides an overview and a biblical perspective.

Is the idea of "The Great Reset" merely a conspiracy theory? That seems unlikely, given the fact that if you type in those three words in a search engine you will find more than 900 million hits. But the phrase "great reset" apparently means different things to different people, so getting a clear definition is important.



In 2020, the founder of the World Economic Forum co-authored and published a book called *COVID-19: The Great Reset*.{1} This organization is composed of political, economic, and cultural elites who meet regularly in Davos, Switzerland. The two authors of this book see the current situation in the world as a means of dealing with the "weaknesses of capitalism" supposedly exposed during the pandemic.

But to understand the history of "The Great Reset" you need to go back to the beginning of the World Economic Forum. Klaus Schwab introduced the idea of "stakeholder capitalism."{2} This is a term sometimes used by progressives to reset the management goals in corporations from shareholders to stakeholders.

The actual term "Great Reset" can be found in a book by that title written by urban studies scholar Richard Florida.{3} He argued that the 2008 economic crash was the latest in a series of great resets that included the Great Depression of the 1930s. A few years later, the book and its ideas became the basis for wanting to "push the reset button" on the world economies.

As you might expect, the pandemic and lockdowns have provided a context in which a reset could take place. The goal would be to make the world greener, more digital, and fairer. Given what the world has been through these last few years, the proponents hope to change the economies of nations, so that they benefit not only shareholders but employees, consumers, communities, and the environment.

Some of the comments proponents have made about "The Great Reset" have become fodder for various conspiracy theories. But it is probably fair to say that the phrase "The Great Reset" means different things to different people. Environmental groups want to reset how we use resources and focus on sustainability. Business leaders want banks and corporations to use an ESG index (environmental, social, and governance index). Globalists want to reset the economy and move us toward a different view of capitalism.

Critics talk about some of the other factors associated with "The Great Reset." That would include such things as the promotion of uncontrolled immigration along with significant money printing that results in such problems as open borders and uncontrolled inflation.

In this article we look at this important issue from an economic, political, and biblical perspective. As you will see, Christians need to pay attention to this issue in the news.

The Great Reset of Capitalism

The primary focus from the World Economic Forum has been on the attempt to move our current economic system into "stakeholder capitalism." Some critics have renamed it "corporate socialism" or even "communist capitalism."

The plan is to change the behavior of corporations to no longer benefit shareholders but to focus on stakeholders. This

would be done by requiring businesses and corporations to take a more central role when a crisis, like the recent pandemic, adversely affects society.

Climate change is another "crisis" that corporations need to address. Put simply, corporations need to be involved in social justice issues. That is why we are seeing major corporations getting more involved in political issues and expressing their opinions on issues ranging from transgenderism to voter integrity laws. One effective tactic being used is to rate businesses and corporations with an ESG index (environmental, social, and governance index).

The ESG index can be used to force businesses to comply with a woke agenda or else be squeezed out of the market. Some have suggested that the ESG index is essentially a social credit score being applied to businesses and corporations.

Andy Kessler, writing in the *Wall Street* Journal, argues that ESG is a loser and that you pay higher expenses for a fund with similar stocks but worse performance.{4} In fact, he encourages investors to buy stocks of companies with great prospects over the next decade at reasonable prices.

Aren't the companies and countries with a high ESG score better investments? A professor at the University of Colorado evaluated the system in the *Harvard Business Review* and made four key points about ESG.{5}

First, ESG funds have underperformed. Second, companies that tout their ESG credentials have worse compliance records for labor and environmental rules. Third, ESG scores of companies that signed the UN Principles of Investment, didn't improve after they signed, and their financial returns were lower for those who signed. His final point was even more significant. He concluded that often companies publicly embrace ESG as a cover for poor business performance. In other words, when earnings are bad, the company cites its ESG score.

Klaus Schwab believes that companies should try and optimize for more than short-term profits and focus on achieving the goals set forth by the UN for sustainable development. That may sound like a good idea until you look at the economic data behind it.

Why Now?

Why has there been such a push for significant changes in this decade? Activists wanting to make changes in society and our economy see the pandemic and governmental response as a political opportunity. It is the familiar phrase, “Never let a crisis go to waste.”

Most social and political change occurs gradually. The crisis of the pandemic forced big government and big pharma to move at a much faster rate. Public acceptance of larger governmental control became a paradigm shift that allowed political leaders and even corporate leaders to move faster than the incremental pace of the past. The pandemic threw open the window for change. The only question is how much of “The Great Reset” will be put in place before it closes.

The pandemic is the external reason for pushing “The Great Reset” but there is also an internal reason. An entire generation of college students learning woke ideology in the universities are now filling positions in various companies. Many commentators naively suggested that once coddled college students enter the “real world,” they will drop their woke ideas and face the reality of making a living in the business world and the free market.

Instead, those woke students brought their ideas into corporate boardrooms and embraced attempts to reset capitalism and corporations. Their professors taught them that capitalism is evil, and that America is riven with racism, sexism, homophobia, and xenophobia. It is time, they believe, to join

arms with activists and reformers and bring about “The Great Reset.” We might add that the American consumer hasn’t been so accepting of these ideas, which is why we sometimes hear the phrase “go woke, go broke.”

The push for a “Great Reset” is also taking place during what many commentators refer to as the fourth industrial revolution. The first industrial revolution was a mechanical revolution. The second and third revolutions were electrical and digital revolutions. This fourth industrial revolution brings together diverse technologies like artificial intelligence, robotics, nanotechnology, and biotechnology. It also includes philosophical ideas like transhumanism.

In previous programs, I have discussed the impact of surveillance on our privacy. We warned about the influence of Big Tech and Big Data. And we have also talked about the merging of humans and machines. Each new technological development brings progress and benefits, but they also bring legitimate concerns about how these technologies can be abused in the wrong hands.

How then will this be accomplished?

Administrative State

It may be difficult to imagine how the great reset programs could be implemented in the US. Only a few members of Congress would support these ideas. As we have discussed above, many of these ideas have been implemented in woke corporations. But these programs could also be implemented by the administrative state or what some have called “the deep state.”

Two books document the deep state. Michael Glennon (Tufts University law professor) wrote about *National Security and Double Government*.{6} This dual-state system, he explained, began under President Bush but was continued under President Obama.

Mike Lofgren (former congressional aide) wrote about *The Deep State: The Fall of the Constitution and the Rise of a Shadow Government*.{7} He argued that there is "the visible government situated around the Mall in Washington, and then there is another, more shadowy, more indefinable government that is not explained in Civics 101 or observable to tourists at the White House or the Capitol." He explained that it wasn't a "secret, conspiratorial cabal" but rather "the state within a state is hiding mostly in plain sight."

The reason we have an executive bureaucracy is to benefit from the research and experience of public servants who have devoted their lives to understanding the social and political implications of federal policies. This has always been a necessary function, but especially with the last few presidents. The experts in the bureaucracy can provide context and prevent presidents and their cabinets from making huge mistakes.

But there is another side to the federal bureaucracy. We may suppose that bureaucrats are there to implement the policies of the President and administration. Political appointees to the cabinet always say that they "serve at the pleasure of the president."

That may be true for them. But a career civil servant has a different perspective and expects to be in government much longer than the four or eight years a president holds office. We may think of the bureaucracy as like a military unit (where every order is routinely obeyed). But the bureaucracy is often more like a university faculty (where you are part of a team but also have many of your own ideas about what should be done). Often the federal bureaucracy slows down the implementation of the president's policies or even chooses to ignore them.

As I discussed in a previous program on *The Liberal Mind*, even with the best of bureaucrats, the "road to serfdom" can be

paved with good intentions. Fredrick Hayek wrote his book with that title because he was concerned that most government officials and bureaucrats write laws, rules, and regulations with good intention. They desire to make the world a better place and may believe that the best way to achieve that is to implement many of the great reset policies. That is why we need to pay attention to the "deep state" and administration policies.

Biblical Perspective

What is a biblical perspective on the great reset? It would be easy to merely link all these ideas to end-time prophecy. It is easy to see how these emerging technologies and the concept of the "great reset" could be used by the Antichrist (2 Thessalonians 2, Revelation 13). Computer technology and enhanced surveillance would allow this future leader to control the world. But it is important to consider how we should respond in our current world to these proposals.

We are seeing many examples of leftist authoritarianism today and need to be alert and involved. James 4:7 says we have a responsibility to resist evil, and Paul tells us to fight the good fight (2 Timothy 4:7). Jesus teaches that we are to be the salt of the earth and the light of the world (Matthew 5:13-16).

Christians can agree with the goals of addressing economic inequality and the need to care for the environment. We are to defend the poor and oppressed (Psalm 82:3) and to be good stewards of God's creation (Genesis 1:27-28). But we should also be concerned about the authoritarian impulses we see not only in government but in major corporations.

First, we should separate the message from the messenger. The World Economic Forum and its participants are sometimes naıve and they even propose disturbing solutions to very real

problems in our society. We can agree with their attempts to deal with poverty and economic inequality, but we must reject some of the ways in which they want to reset the world and bring about change.

Second, we should apply the Bible and a biblical worldview to each issue. For example, a biblical view of justice usually differs from many of the secular, progressive ways of working for justice that also includes such things as the promotion of sexual and gender identities.

Third, we should apply a biblical perspective to technology. The Bible does not condemn technology but often reminds us that tools and technology can be used for both good and evil. The technology that built the ark (Genesis 6) also was later used to construct the Tower of Babel (Genesis 11). A wise and discerning Christian should evaluate the benefits and drawbacks of each technology.

Christians will need discernment (Proverbs 18:15) in judging the ideas associated with the "great reset." The phrase can mean different things to different people. Many of the ideas associated with it are bad for our country and us. But we can join hands with those who desire to make a better world and want to do it in ways that don't contradict the Bible.

Additional Resources

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The Liberal Mind

Kerby Anderson tries to understand the liberal mind from a biblical perspective. What are the assumptions the liberals make? How do those assumptions square with the Bible?

As we begin this discussion, I want to make a clear distinction between the terms "liberal" and "leftist." We often use the terms interchangeably but there is an important difference.



Dennis Prager wrote about this and even described those differences in a PragerU video.{1} His argument is that traditional liberalism has far more in common with conservatism than it does with leftism. Here are some examples he uses to make his point.

Liberals and leftists have a different view of race. The traditional liberal position on race is that the color of one's skin is insignificant. By contrast, leftists argue that the notion that race is insignificant is itself racist. Liberals were committed to racial integration and would have rejected the idea of separate black dormitories and separate black graduations on university campuses.

Nationalism is another difference. Dennis Prager says that liberals always deeply believed in the nation-state. Leftists, on the other hand, oppose nationalism and promote class solidarity.

Superman comics illustrate the point. When the writers of Superman were liberal, Superman was not only an American but also one who fought for “Truth, justice, and the American way.” The left-wing writers of Superman comics had Superman announce a few years ago that he was going to speak before the United Nations and inform them that he was renouncing his American citizenship.

Perhaps the best example is free speech. American liberals agree with the statement: “I disapprove of what you say, but I will defend your right to say it.” Leftists today are leading a nationwide suppression of free speech everywhere from the college campuses to the Big Tech companies.

Capitalism and the free enterprise system would be yet another example. Dennis Prager says, “Liberals have always been pro capitalism,” though they often wanted government “to play a bigger role” in the economy. Leftists oppose capitalism and are eagerly promoting socialism.

Liberals have had a love of Western civilization and taught it at most universities. They were promoters of the liberal arts and fine arts. In fact, one of the most revered liberals in American history was President Franklin Roosevelt who talked about the need to protect Western Civilization and even Christian civilization.

Today Western Civilization classes are rarely if ever taught in the university. That’s because leftists don’t believe Western Civilization is superior to any other civilization. Leftists label people who attempt to defend western values as racist and accuse them of promoting white supremacy. And attempts to promote religious liberty are dismissed as thinly disguised attacks on the LGBT community.

In conclusion, liberals and leftists are very different.

Ethics and a Belief in Right and Wrong

The philosophical foundation for most liberal perspectives is secularism. If you don't believe in God and the Bible, then you certainly don't believe in biblical absolutes or even moral absolutes. Dostoyevsky put it this way: "If God is dead, then everything is permitted."

Even atheists admit that a view of God affects human behavior. Richard Dawkins recently expressed his fear that the removal of religion would be a bad idea for society because it would give people "license to do really bad things."

He likens the idea of God to surveillance, or as he puts it, the "divine spy camera in the sky."{2} People generally tend to do the right thing when someone is watching them. They tend to do bad things when no one is watching. He goes go on to add that the "Great Spy Camera theory" isn't a good reason for him to believe in God.

It is also worth mentioning that more and more young people aren't making decisions about right and wrong based on logic but instead based on feelings. I began to notice this decades ago. College students making a statement or challenging a conclusion used to say "I think" as they started a sentence." Then I started to see more and more of them say "I feel" at the start of a sentence. They wouldn't use reason to discuss an issue. Instead, they would use emotion and talk about how they felt about a particular issue.

The liberal mind also has a very different foundation for discussing right and wrong. Dennis Prager recently admitted that he had been wrong. All of his life, he has said that the left's moral compass is broken. But he has concluded that "in order to have a broken moral compass, you need to have a moral compass to begin with. But the left doesn't have one."{3}

He doesn't mean that conclusion as an attack. It is merely an

observation that the left doesn’t really think in terms of good and evil. We assume that other people think that way because we think that way. But that is not how most of the people on the left perceive the world.

Karl Marx is a good example. He divided the world by economic class (the worker and the owner). One group was exploiting the other group. Good and evil aren’t really relevant when you are thinking in terms of class struggle. Friedrich Nietzsche, for example, operated “beyond good and evil.”

To the Marxists, “there is no such thing as a universal good or universal evil.” Those of us who perceive the world from a Judeo-Christian worldview see ethics as relevant to the moral standard, not the person or their social status.

A biblical view of ethics and morality begins with the reality that God exists and that He has revealed to us moral principles we are to apply to our lives and society. Those absolute moral principles are tied to God’s character and thus unchanging.

A Naïve View of Human Nature

In this article we are talking about the liberal mind, while often making a distinction between liberals and the left. When it comes to the proper view of human nature, both groups have a naïve and inaccurate view.

You can discover this for yourself by asking a simple question: Do you believe people are basically good? You will get an affirmative answer from most people in America because we live in a civilized society. We don’t have to deal with the level of corruption or terror that is a daily life in so many other countries in the world.

But if you press the question, you will begin to see how liberals have difficulty explaining the holocaust and Muslim

terrorism. Because the liberal mind starts with the assumption that people are basically good. After all, that is what so many secular philosophers and psychologists have been saying for centuries. Two world wars and other wars during the 20th century should have caused most people to reject the idea that people are basically good.

The Bible teaches just the opposite. Romans 3:23 reminds us that "all have sinned and fall short of the glory of God." Jeremiah 17:9 says, "The heart is deceitful above all things, and desperately sick; who can understand it?" This statement about the deceitfulness of our heart may seem extreme until we realize that Jesus also taught that "out of the heart come evil thoughts, murder, adultery, sexual immorality, theft, false witness, slander" (Matthew 15:19).

This naïve view of human nature should concern all of us. Young people, two generations after Auschwitz, believe people are basically good. One reason is biblical illiteracy. Another reason is historical illiteracy. A recent survey found two thirds of young people did not know six million died in the Holocaust and nearly half could not name one of the Nazi death camps.{4}

This naïve view of human nature may also explain another phenomenon we have discussed before. One of the untruths described in the book, *The Coddling of the American Mind*, is the belief that the battle for truth is "us versus them."{5} If you think that people are basically good and you have to confront someone who disagrees with you, then they must be a bad person. They aren't just wrong. They are evil.

Tribalism has been with us for centuries. That is nothing new about people joining and defending a tribe. But that has become more intense because of the rhetoric on university campuses and the comments spreading through social media. We don't have to live this way, but the forces in society are making the divisions in society worse by the day.

A biblical perspective starts with the teaching that all are created in God's image (Genesis 1:27) and thus have value and dignity. But all of us have a sin nature (Romans 5:12). We should interact with others who disagree with us with humility (Ephesians 4:2) and grace (Colossians 4:6).

Big Government

We will now look at why liberals and the left promote big government. The simple answer relates to our discussion above about human nature. If you believe that people are basically good, then it is easy to assume that political leaders and bureaucrats will want to do the best for the citizens.

Christians agree that government is necessary and that it is one of the institutions ordained by God (Romans 13:1-7). There is a role for government to set the rules of governing and to resolve internal disputes through a legal system. Government is not God. But for people who don't believe in God, then the state often becomes God.

Friedrich Hayek wrote about this drive toward big government and the bureaucratic state in his classic book, *The Road to Serfdom*. He argued in his book that "the most important change which extensive government control produces is a psychological change, an alteration in the character of the people."{6}

The character of citizens is changed because they yield their will and decision-making to a more powerful government. They may have done so willingly in order to have a welfare state. Or they may have done so unwillingly because a dictator has taken control of the reins of power. Either way, Hayek argues, their character has been altered because the control over every detail of economic life is ultimately control of life itself.

Friedrich Hayek wrote *The Road to Serfdom* to warn us that sometimes the road can be paved with good intentions. Most

government officials and bureaucrats write laws, rules, and regulations with every good intention. They desire to make the world a better place by preventing catastrophe and by encouraging positive actions from their citizens. But in their desire to control and direct every aspect of life, they take us down the road to serfdom.

He argued that people who enter into government and run powerful bureaucracies are often people who enjoy running not only the bureaucracy but also the lives of its citizens. In making uniform rules from a distance, they deprive the local communities of the freedom to apply their own knowledge and wisdom to their unique situations. A government seeking to be a benevolent god, usually morphs into a malevolent tyrant.

The liberal mind is all too willing to allow political leaders and bureaucrats to make decisions for the public. But that willingness is based on two flawed assumptions. First, human beings are not God and thus government leaders will certainly make flawed decisions that negatively affect the affairs of its citizens. Second, liberals do not believe we have a sin nature (Romans 3:23), and that includes government leaders. Even the best of them will not always be wise, compassionate, and altruistic. This is why the founders of this country established checks and balances in government to limit the impact of sinful behavior.

Tolerance?

If there is one attitude that you would think would be synonymous with the liberal mind, it would be tolerance. That may have been true in the past. Liberalism championed the idea of free thought and free speech. That is no longer the case.

Liberals have been developing a zero-tolerance culture. In some ways, that has been a positive change. We no longer tolerate racism. We no longer tolerate sexism. Certain

statements, certain jokes, and certain attitudes have been deemed off-limits.

The problem is that the politically correct culture of the left moved the lines quickly to begin to attack just about any view or value contrary to the liberal mind. Stray at all from the accepted limits of leftist thinking and you will earn labels like racist, sexist, homophobic, xenophobic.

Quickly the zero-tolerance culture became the cancel culture. It is not enough to merely label an opponent with a smear, the left demands that an "enemy" lose their social standing and even their job and livelihood for deviating from what is acceptable thought. A mendacious social media mob will make sure that you pay a heavy penalty for contradicting the fundamental truths of the liberal mind.

One phenomenon that promotes this intolerance is the use of smears and negative labels. For example, patriotism and pride in your country is called xenophobia. Acknowledging the innate differences between males and females is labelled sexist. Promoting the idea that we are all of one race (the human race) and that all lives matter is called racist. Questioning whether we should redefine traditional marriage is deemed homophobic. Arguing that very young children should not undergo sex assignment surgery is called transphobia. Pointing out that most terrorist attacks come from Muslim terrorists is labelled Islamophobic.

Should Christians be tolerant? The answer is yes, we should be tolerant, but that word has been redefined in society to argue that we should accept every person's behavior. The Bible does not permit that. That is why I like to use the word civility. Essentially, that is the Golden Rule: "Do to others whatever you would have them do to you" (Matthew 7:12).

Civility requires humility. A civil person acknowledges that he or she does not possess all wisdom and knowledge. That

means we should listen to others and consider the possibility that they might be right, and we could be wrong. Philippians 2:3 says, “Do nothing from selfishness or empty conceit, but with humility of mind let each of you regard one another as more important than himself.” We can disagree with other without being disagreeable. Proverbs 15:1 reminds us that “A gentle answer turns away wrath.”

This is an important principle as we try to understand the liberal mind and work to build bridges to others in our society.

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Socialist Surge

Kerby Anderson exposes the faulty thinking behind the pro-socialism messaging that is making alarming inroads in the U.S.



News articles proclaim, "socialism is on the march." The writers focus on the several Democratic Socialist candidates who are winning Democratic primaries. We already have socialist mayors in New York City and Seattle, Washington. Soon, we will have one in Washington, D.C.

American voters seem to be changing their minds about socialism. A 1942 Roper/Fortune survey found that 40 percent described socialism as a bad thing and 25 percent a good thing. The latest Gallup poll found that 43 percent of Americans believe socialism would be a good thing.{1} Also, two thirds (62%) of adults under 30 had a favorable view of socialism. For many young people, the term is associated with social safety nets and healthcare access rather than government control of the means of production.

Why the Interest in Socialism?

Socialist candidates have run for office in the past and rarely won. Why are these candidates winning in these midterm elections? Jim Geraghty has a suggestion that comes from a book he was reading by Mark Manson.{2}

The book talked about the strategy used by perennial

presidential candidate Lyndon LaRouche. His youth movement attracted many disaffected and agitated college students. Their tactic was simple. Tell these young people that the problems they faced weren't due to their parents or even the government. They explained that "it's the system's fault." If they could just overthrow the system, everything would be okay. "No more war. No more suffering, No more injustice."

Does this sound like what we are hearing from these candidates and the young people voting for them? Your problems are the fault of "the system." This movement of young people are yearning for a vision of a better future. They want control over their lives but have been told that you need to overthrow "the system" to usher in utopia.

Of course, the system they want to overthrow is our constitutional republic and our free market economy. Granted, there are political and economic changes that need to be made, but overthrowing the current system for a socialist fantasy isn't the answer. It will make their problems worse, not better.

Any student of history should be able to see that defunding the police, opening the border, abolishing jails and prisons, and having government take over the means of production will be a disaster. Unfortunately, too many young people haven't studied history and have been seduced by the siren song of socialism.

In this article we look at the sad history of socialism, its failed economic claims, and even the question of whether the Bible teaches socialism.

Socialism and Tyranny

Socialism is more than an economic theory. Socialism is an all-encompassing view of the world. In his acceptance speech, Zohran Mamdani proclaimed, "We will prove that there is no

problem too large for government to solve, and no concern too small for it to care about." One historian compared it to the famous statement by Benito Mussolini: "All within the state, nothing outside the state, nothing against the state."

Socialism is based on Marxist principles. The first is the abolition of private property. This is one of the foundational tenets of the *Communist Manifesto* by Karl Marx: "The theory of Communism may be summed up in one sentence: Abolish all private property." Many candidates state matter-of-factly that one of their goals is to "seize the means of production" in America.

The second principle is the end of religion. Karl Marx explained, "My object is to dethrone God and destroy capitalism." He added, "The first requisite for the happiness of the people is the abolition of religion." And a third is taxation. Karl Marx wrote, "A heavy or progressive or graduated income tax is necessary for the proper development of Communism." Every socialist candidate proclaims they will raise taxes on the rich. They will have to levy very heavy taxes on everyone to pay for all the promises made in their campaigns.

Ben Shapiro warns, "Socialism is bad because socialism is tyranny. It's not an aspect of tyranny. Socialism itself is tyranny." As one commentator put it, "Socialism is based on oppression. Oppression is not a bug of socialism. It's a feature."{3}

This can best be illustrated by the list Dinesh D'Souza details in his book about the many countries have tried socialism and all failed.{4} The first socialist experiment was the Soviet Union, then came lots of countries in eastern Europe (Poland, Yugoslavia, Albania, Czechoslovakia, Hungary, Romania, and East Germany). Add to that, countries in Asia (Vietnam, Laos, Cambodia, -North Korea, and China) and countries in South America (Cuba, Nicaragua, Bolivia, and

Venezuela) and Africa (Angola, Ghana, Tanzania, Benin, Mali, Mozambique, Zambia, and Zimbabwe). By his count, there are 25 failed experiments in socialism.

Many years ago, I did a week of Probe radio programs on Friedrich Hayek's book *The Road to Serfdom*.{5} It is perhaps the best critique of socialism that very few have read. As the title of his book implies, the road to socialism may have good intentions, but it always leads to serfdom and tyranny.

Failed Economic Claims of Socialists

Margaret Thatcher famously observed, "The problem with socialism is that you eventually run out of other people's money." Democratic socialists are already running out of other people's money. They make economic claims that fall apart when given scrutiny. Here are just a few of the failing claims of politicians who propose socialist solutions to significant social and economic problems.

First, the economy is not a fixed pie. In a recent podcast, Alexandria Ocasio-Cortez claimed, "Capitalism . . . is the absolute pursuit of profit at all human, environmental and social cost. That is not a redeemable system." She added that, "No one ever makes a billion dollars. You take a billion." In other words, there is a fixed supply of wealth. If you have more wealth, you are taking it from others.

One YouTube channel (Secular Talk) developed AOC's argument by saying that Jeff Bezos "made his wealth by making a lot of people poor." He argues that "because we have a finite amount of money." We do not have a finite amount of money. We do not have a finite amount of wealth. Entrepreneurs increase the amount of wealth by producing products and services that increase wealth in a society. Moreover, this wealth and value are increased by voluntary interaction in a free market.

Second, Sweden is not a model for socialism. Above, we listed

the 25 failed experiments in socialism. The typical response from socialists is that these economic disasters were not implemented correctly. If you ask them about Cuba or Venezuela, they will instead point to democratic socialism in Sweden or other similar countries.

In a short video, Anders Hagstrom points out that the policies that Bernie Sanders and AOC want go far beyond what you find in the Nordic countries.{6} Moreover, these countries have tiny populations of less than 10 million. In the past, they were successful and then had huge economic problems because they adopted socialist redistributive policies.

Now Sweden has come back to a free market. Sweden's market-oriented reforms have transformed it into an investment hub. The wealthy are flocking back to Sweden, and they're taking their capital with them. Swedish per capita GDP is the envy of the European Union, and the country has become a hub of tech and telecom innovation. One commentator concluded, "The Democratic Socialists Need a New Model."{7}

Does the Bible Teach Socialism?

Progressive and socialist candidates argue that the Bible teaches socialism. Some even argue that Jesus was a socialist. That is not surprising since many people "want Jesus on their team." Environmentalists argue that Jesus wouldn't drive an SUV. Gay activists maintain that Jesus said nothing about homosexuality. What does the Bible say?

If you have ever taught through the book of Acts, you know the question of socialism will likely surface. In Acts 4, we find a statement that the believers in Jerusalem "had all things in common." It also says that those who possessed land or houses sold them and brought the proceeds to the apostles' feet. They distributed these gifts to anyone in need. This looks like socialism to many who are already predisposed to believe it

should be the economic system of choice.

First, we need to realize that this practice was only done in Jerusalem. As you read through the rest of the book of Acts and read the letters of Paul and Peter, you see that most believers in other parts of the Roman world had private property and possessions. Paul calls upon them to give voluntarily to the work of ministry.

Second, the word voluntary applies not only to Christians in other parts of the world, but it also was a voluntary act by the believers in Jerusalem to give sacrificially to each other in the midst of persecution. This one passage in the book of Acts is not a mandate for socialism.

If you keep reading in the book of Acts, you can also see that the believers in Jerusalem owned the property before they voluntarily gave the proceeds to the apostles. The next chapter (Acts 5) clearly teaches that. When Peter confronted Ananias, he clearly stated that “While it remained, was it not your own? After it was sold, was it not in your own control?”

Owning property contradicts one of the fundamental principles of socialism. In the Communist Manifesto, “the abolition of property” is a major item in the plan for moving from capitalism to socialism and eventually to communism.

By contrast, the Ten Commandments assume private property. The eighth commandment forbidding stealing and the tenth commandment about coveting both assume that people have private property rights.

In fact, we can use biblical principles to evaluate economic systems like capitalism and socialism. Although the Bible does not endorse a particular system, it does have key principles about human nature, private property rights, and the role of government. These can be used to evaluate economic systems.

Socialism Is Not Biblical

Although the Bible doesn't endorse any economic systems, it does provide us with principles to judge economic systems. For example, the Bible clearly teaches that we are created in the image of God (Genesis 1:27-28) and are made a little lower than the angels (Psalm 8:5). We can find noble characteristics in human beings such as empathy and altruism. We can make rational choices about goods and services in an economy.

But we also know that there is a flaw in human beings. The Bible teaches that all are sinful (Romans 3:23) and that the heart of man is deceitful above all things (Jeremiah 17:9). People can be greedy and ambitious. We need an economic system that protects us from anyone who might have too much power. In my Probe radio program on capitalism and socialism, I document that a free market is a system in which "bad people can do least harm, and good people have the freedom to do good works."{8}

Socialism also derives its philosophical foundation from Marxism. That philosophy is a direct attack on private property rights. God has given us dominion over the creation (Genesis 1:28). In the Old Testament, we see the book of Exodus establishing the rights of property owners. In fact, removing landmarks that protect property is clearly forbidden (Deuteronomy 19:14; 27:17, Proverbs 22:28).

Government should protect citizens and their rights in society. We are to obey government (Romans 13:1-7) and submit to civil authority (1 Peter 2:13-17). But we should not implement a government and economic structure that fails to protect those rights from leaders with an authoritarian impulse.

How to Respond

As we have mentioned, many young people are enamored with

socialism. How can we respond? I would recommend you ask young people how much they like having other people telling them what to do. In a socialist economy, the leaders are constantly telling you and the economy what to do. Usually, they have never thought about how oppressive a socialist economy might be.

You might also ask them how effective committees are in planning. A small group of bureaucrats would be making most of their economic decisions. Ask them if they have ever tried to get anything done with a committee. Now expand that to the millions of economic decisions that committee of bureaucrats needs to make.

And you might ask them to do the math. It is easy to argue for free college tuition when you aren't paying for it. It is easy to let the government pay for everything until you realize you are the government.

If you would like more information, please check these additional articles on socialism and capitalism:

- A Biblical Point of View on Socialism
- Capitalism and Socialism
- Socialism and Society
- Poverty and Wealth
- Can the Just Succeed?
- Wealth and Poverty

Notes

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A Biblical Point of View on Socialism – Kerby Anderson Booklet



Socialism is more popular today than anyone would have predicted a few years ago. A significant number of socialist characters can be found in Congress. Universities have many professors who are promoting socialism. And more young people than ever believe socialism is superior to capitalism.

The Promise of Socialism

Why is socialism so appealing to so many Americans? Young people are drawn to the siren song of Bernie Sanders and Alexandria Ocasio-Cortez. Part of the reason is that it appeals to their sense of
fairness. Another reason is that it promises lots of free stuff. Before we address those issues, it's worth mentioning why socialism and communism appealed to so many in the 19th century.

When Karl Marx first proposed the concepts of socialism and communism, he enjoyed an intellectual advantage. He could talk

about the problems with capitalism the modern world was going through as they were adapting to the difficult process of industrialization. He could contrast the reality of capitalism with the utopian ideal of socialism.

Utopian visions will always win out over the harsh reality of the world. But we now have the terrible record of socialism. Unfortunately, socialism's death toll never quite gets factored into any equation. The late columnist Joseph Sobran said, "It makes no difference that socialism's actual record is terribly bloody; socialism is forever judged by its promises and supposed possibilities, while capitalism is judged by its worst cases."{1}

Dinesh D'Souza reminds us that many countries have tried socialism and all failed. The first socialist experiment was the Soviet Union, then came lots of countries in eastern Europe (Poland, Yugoslavia, Albania, Czechoslovakia, Hungary, Romania, and East Germany). Add to that countries in Asia (Vietnam, Laos, Cambodia, North Korea, and China) and countries in South America (Cuba, Nicaragua, Bolivia, and Venezuela) and Africa (Angola, Ghana, Tanzania, Benin, Mali, Mozambique, Zambia, and Zimbabwe). By his count, there are 25 failed experiments in socialism.{2}

The typical answer to these failures is that each of these wasn't done correctly. The failure of these socialist experiments was a failure of implementation. But this time, they say, we will get it right. Believing in socialism apparently means never having to say you're sorry.

On the other side are all the promises of socialism that are so appealing to young people. Free college tuition and student loan forgiveness are examples. The millennial generation (Generation Y) and the iGen generation (Generation Z) have lots of student debt. They see the need but forget that someone would have to pay for this new massive entitlement. And they rarely stop and think about why someone who didn't go

to college and took a blue-collar job should pay for their university education. These may be the most educated generations in history, but they don't seem to spend too much time reflecting on what they supposedly learned in economics.

The cost of some of these policies is enormous. Just covering the cost of tuition at public colleges and universities is estimated at $70 billion a year. One study of the cost of government-run health care (called "Medicare for All") was estimated to cost $32 trillion during the first ten years. Some estimate the cost of the "Green New Deal" to be $93 trillion. We can certainly debate how accurate some of those estimates are, but we can't ignore that these programs would be very expensive once implemented.

A Different Kind of Socialism

Proponents of socialism not only argue that it was not implemented correctly in the past but also argue that what they are proposing is "democratic socialism." They usually point to the Scandinavian countries as examples.

In one of his videos, Anders Hagstrom asks, "What does socialism mean to him?" He says that conversations about socialism often go like this: "A liberal says we should be socialist. A conservative points to Venezuela, and says socialism doesn't work. A liberal says, What about Sweden and Norway? The conservative then points out that those countries aren't actually socialist."{3}

He says that even if we accept the comment by liberals, there is a problem. "Nordic countries have tiny populations of less than 10 million. And copying and pasting their policies to a country of 330 million isn't going to work." These Nordic countries were successful before they adopted the redistributive policies they have now. Here's a reality check: if Sweden were to join the US as a state, Sweden would be poorer than all but 12 states.

Hagstrom also explains that the policies of true socialists like Senator Bernie Sanders and Alexandria Ocasio-Cortez go far beyond what the Nordic countries have. For example, Bernie Sanders wants a planned economy. None of the Nordic states have this. Alexandria Ocasio-Cortez wants to abolish profit. None of the Nordic countries have done that. And both of them want a universal minimum wage.

None of the Nordic states have that.

There's another problem with the argument. These countries aren't socialist. John Stossel, in one of his videos, interviewed a prominent Swedish historian.{4} Johan Norberg makes it clear that "Sweden is not socialist—because the government doesn't own the means of production. To see that, you have to go to Venezuela or Cuba or North Korea." He does admit that the country did have something that resembled socialism a few decades ago. The government heavily taxed the citizens and spent heavily. That was not a good period in Swedish history, especially for the economy.

One example he uses is Astrid Lindgren, author of the popular children's books, *Pippi Longstocking*. Because her books were popular and sold well, she experienced something Americans cannot even imagine. She had to pay a tax of 102 percent on any new book she sold.

Yet even with the high Swedish taxes, there was simply not enough money to fund Sweden's huge welfare state. Norberg explains that "People couldn't get the pension that they thought they depended on for the future." At this point, the Swedish people had enough and began to reduce the size and scope of the government.

John Stossel says, "They cut public spending, privatized the national rail network, abolished certain government monopolies, eliminated inheritance taxes and sold state-owned businesses like the maker of Absolut Vodka." While it is true

that Sweden does have a larger welfare state than the US and higher taxes than the US, there are many other areas where Sweden is actually more free market.

Nevertheless, the argument persists that these Scandinavian countries demonstrate the success of socialism. That is one reason why Dinesh D'Souza dedicated an entire chapter in his book on the subject of socialist experiments, Venezuela, and the Scandinavian illusion, in order to answer the arguments and rebuttals used to advance the idea of democratic socialism.{5}

Doesn't the Bible Teach Socialism?

If you have ever been teaching through the book of Acts, you know when this question will surface. In Acts 4, we find a statement that the believers in Jerusalem "had all things in common." It also says that those who possessed land or houses sold them and brought the proceeds to the apostles' feet. They distributed these gifts to anyone in need. This looks like socialism to many who are already predisposed to believe it should be the economic system of choice.

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Socialism and Equality

One of the moral arguments for socialism is that it creates a society with more social and economic equality. Proponents want us to consider the fairness argument when applied to a free market. How fair is it that basketball star Lebron James makes more than $37 million when a social worker starting out only makes about $30,000? Even more extreme is the estimate that Jeff Bezos makes more than $320 million a day while the average Amazon salary is around $35,000 a year.

Of course, this is what happens in a free society where people with different skills, different abilities, and different motivations are allowed to participate in a free market. You will get inequality, but you also have a free society where people can use their gifts to pursue their calling and still receive a good income.

We don’t have to guess what will happen in a socialist economy because we have lots of historical examples. In a desire to bring equality, socialism doesn’t bring people up out of poverty. Instead, it
drives them into poverty. Consider two test cases (Germany and Korea).

After World War II, Germany was divided into two countries: West Germany was capitalist, while East Germany was socialist. Throughout the time they were divided, there was a striking difference between the two countries. When the two countries were reunified, the GDP of East Germany was a third of the GDP of West Germany. In fact, even the poorest parts of West Germany (Schleswig-Holstein) were more than twice as wealthy as the richest region of East Germany (Saxony).

An even better example is North and South Korea, because it has lasted longer and continues to this day. South Korea is now more than 20 times richer than North Korea. Of course, people in South Korea are also freer than North Korea. They are also taller and live about 12 years longer than people in North Korea.{6}

By contrast, capitalism provides every person a chance to influence the society. In his book, *United States of Socialism*, Dinesh D’Souza doesn’t ignore the issue of justice but actually embraces it. Capitalism, he says, “far more than socialism, reflects the will of the people and expresses democratic consent.” A consumer is like a voter. As a citizen, we get to vote in an election every two to four years. But a consumer gets to vote every day with his or her dollar bills. That money represents the time and effort put in to get those dollar bills.

Citizens participate in a system of representative democracy (where their views are filtered through politicians who represent them). But a consumer votes in a system of direct democracy. You can choose Coke or New Coke or Pepsi or Dr.

Pepper. You choose Fox over MSNBC and prefer an iPhone to another cell phone. You exercise your preferences by paying for it yourself.

The free market provides you a level of popular participation and democratic consent that politics can never provide. You get to vote every day with your dollars and send economic signals to people and companies providing goods and services. Essentially, capitalism, like democracy, is a clear form of social justice.

These are just a few arguments used to promote socialism. If we are to win the war of ideas, we need to understand how to respond to these arguments and make a convincing case for the free market. This booklet, and the previous one on *A Biblical View on Capitalism and Socialism*, are resources to use in that battle over these economic ideas.

Additional Resources

Kerby Anderson, *A Biblical View on Capitalism and Socialism*, 2018.
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Socialism and Society

Kerby Anderson provides an overview of the popularity of socialist ideas in America from a biblical perspective.

Socialism is more popular today than anyone would have predicted a few years ago. A significant number of socialist characters can be found in Congress. Universities have many professors who are promoting socialism. And more young people than ever believe socialism is superior to capitalism.



Why is socialism so appealing to so many Americans? Young people are drawn to the siren song of Bernie Sanders and Alexandria Ocasio-Cortez. Part of the reason is that it

appeals to their sense of fairness. Another reason is that it promises lots of free stuff.

Free college tuition and student loan forgiveness are examples. The millennial generation (Generation Y) and the iGen generation (Generation Z) have lots of student debt. They see the need but forget that someone would have to pay for this new massive entitlement. And they rarely stop and think about why someone who didn't go to college and took a blue-collar job should pay for their university education. These may be the most educated generations in history, but they don't seem to spend too much time reflecting on what they supposedly learned in economics.

The cost of some of these policies is enormous. Just covering the cost of tuition at public colleges and universities is estimated at $70 billion a year. One study of the cost of government-run health care (called "Medicare for All") was estimated to cost $32 trillion during the first ten years. Some estimate the cost of the "Green New Deal" to be $93 trillion. We can certainly debate how accurate some of those estimates are, but we can't ignore that they would be very expensive once these programs are implemented.

There is some evidence that the popularity of socialism is waning. A post-election survey done by the Cultural Research Center shows a significant decline in support for socialism. George Barna believes that another reason for this decline is the aggressive marketing of a government-driven culture that show young and old what socialism in America would really be like.

He found that the most precipitous decline in support for socialism was among Americans ages 30 to 49. Just a decade ago, they were the demographic I often pointed to as those who supported socialism more than capitalism. That has changed significantly.

Socialism is less popular even for Americans who are age 50 years or older. In the past, they have been the group most consistent in their support of capitalism. But even in this group, there was an eight percentage-point decline of support for socialism.

The demographic groups with the least support for socialism were Christians who had a biblical worldview and what George Barna calls SAGE Cons (Spiritually Active Governance Engaged Conservative Christians). But there are still a small percentage of them who support socialism. That is why I also address whether the Bible teaches socialism.

The Promise of Socialism

In order to understand the appeal of socialism, we need to make a clear distinction between capitalism and socialism. *Capitalism* is an economic system in which there is private property and the means of production are privately owned. In capitalism, there is a limited role for government. *Socialism* is an economic system in which there is public or state ownership of the means of production, and the primary focus is on providing an equality of outcomes. In socialism, the state is all-important and involved in central planning.

Often when young people are surveyed about socialism, the pollster does not provide a definition. If you merely believe socialism means more equality in society, then you can see why so many choose socialism over capitalism. Also, young people under the age of 30 are probably the least likely to associate socialism with Soviet-style repression. Instead, they may have in their minds the current government push toward European socialism and find that more attractive.

There is also an important philosophical reason for the popularity of socialism. When Karl Marx first proposed the concepts of socialism and communism, he enjoyed an

intellectual advantage. He could talk about the problems with capitalism the modern world was going through as they were adapting to the difficult process of industrialization. He could contrast the *reality* of capitalism with the *utopian* ideal of socialism.

Utopian visions will always win out over the harsh reality of the world. But we now have the terrible record of socialism. Unfortunately, socialism's death toll never quite gets factored into any equation. The late columnist Joseph Sobran said: "It makes no difference that socialism's actual record is terribly bloody; socialism is forever judged by its promises and supposed possibilities, while capitalism is judged by its worst cases."{1}

Dinesh D'Souza reminds us that many countries have tried socialism and all failed. The first socialist experiment was the Soviet Union, then came lots of countries in eastern Europe (Poland, Yugoslavia, Albania, Czechoslovakia, Hungary, Romania, and East Germany). Add to that countries in Asia (Vietnam, Laos, Cambodia, North Korea, and China) and countries in South America (Cuba, Nicaragua, Bolivia, and Venezuela) and Africa (Angola, Ghana, Tanzania, Benin, Mali, Mozambique, Zambia, and Zimbabwe). By his count, there are 25 failed experiments in socialism.{2}

The typical answer to these failures is that each of these wasn't done correctly. The failure of these socialist experiments was a failure of implementation. But this time, they say, we will get it right. Believing in socialism apparently mean never having to say you're sorry.

In the next section we will look at the argument that democratic socialism is the ideal we should pursue. We should ignore this list of socialist failures and focus on socialism in the Scandinavian countries.

A Different Kind of Socialism

Proponents of socialism not only argue that it was not implemented correctly in the past but also argue that what they are proposing is "democratic socialism." They usually point to the Scandinavian countries as examples.

Anders Hagstrom in one of his videos asks, "What does socialism mean to [people such as actor and comedian Jim Carrey]?" He says that conversations about socialism often go like this: "A liberal says we should be socialist. A conservative points to Venezuela, and says socialism doesn't work. A liberal says, What about Sweden and Norway? The conservative then points out that those countries aren't actually socialist."{3}

He says that even if we accept the comment by liberals, there is a problem. "Nordic countries have tiny populations of less than 10 million. And copying and pasting their policies to a country of 330 million isn't going to work." These Nordic countries were successful before they adopted the redistributive policies they have now. Here's a reality check: if Sweden were to join the U.S. as a state, Sweden would be poorer than all but 12 states.

Hagstrom also explains that the policies of true socialists like Senator Bernie Sanders and Alexandria Ocasio Cortez go far beyond what the Nordic countries have. For example, Bernie Sanders wants a planned economy. None of the Nordic states have this. Alexandria Ocasio-Cortez wants to abolish profit. None of the Nordic countries have done that. And both of them want a universal minimum wage. None of the Nordic states have that.

There's another problem with the argument. These countries aren't socialist. John Stossel in one of his videos interviewed a prominent Swedish historian.{4} Johan Norberg makes it clear that "Sweden is not socialist—because the

government doesn’t own the means of production. To see that, you have to go to Venezuela or Cuba or North Korea.” He does admit that the country did have something that resembled socialism a few decades ago. The government heavily taxed the citizens and spent heavily. That was not a good period in Swedish history, especially for the economy.

Yet even with the high Swedish taxes, there was simply not enough money to fund Sweden’s huge welfare state. Norberg explains that “People couldn’t get the pension that they thought they depended on for the future.” At this point, the Swedish people had enough and began to reduce the size and scope of the government.

John Stossel says, “They cut public spending, privatized the national rail network, abolished certain government monopolies, eliminated inheritance taxes and sold state-owned businesses like the maker of Absolut vodka.” While it is true that Sweden does have a larger welfare state than the US and higher taxes than the US, there are many other areas where Sweden is actually more free market.

Socialism and Equality

One of the moral arguments for socialism is that it creates a society with more social and economic equality. Proponents want us to consider the fairness argument when applied to a free market. How fair is it that basketball star Lebron James makes more than $37 million when a social worker starting out only makes about $30,000? Even more extreme is the estimate that Jeff Bezos makes more than $320 million a day while the average Amazon salary is around $35,000 a year.

Of course, this is what happens in a free society where people with different skills, different abilities, and different motivations are allowed to participate in a free market. You will get inequality, but you also have a free society where

people can use their gifts to pursue their calling and still receive a good income.

We don't have to guess what will happen in a socialist economy because we have lots of historical examples. In a desire to bring equality, socialism doesn't bring people up out of poverty. Instead, it drives them into poverty. Consider two test cases (Germany and Korea).

After World War II, Germany was divided into two countries: West Germany was capitalist, while East Germany was socialist. Throughout the time they were divided, there was a striking difference between the two countries. When the two countries were reunified, the GDP of East Germany was a third of the GDP of West Germany.

An even better example is North and South Korea, because it lasted longer and continues to this day. South Korea is now more than 20 times richer than North Korea. Of course, people in South Korea are also freer than North Korea. They are also taller and live about 12 years longer than people in North Korea.{5}

By contrast, capitalism provides every person a chance to influence the society. In his book, *United States of Socialism*, Dinesh D'Souza doesn't ignore the issue of justice but actually embraces it. Capitalism, he says, "far more than socialism, reflects the will of the people and expresses democratic consent."{6} A consumer is like a voter. As a citizen, we get to vote in an election every two to four years. But a consumer gets to vote every day with his or her dollar bills. That money represents the time and effort put in to get those dollar bills.

The free market provides you a level of popular participation and democratic consent that politics can never provide. You get to vote every day with your dollars and send economic signals to people and companies providing goods and services.

Essentially, capitalism, like democracy, is a clear form of social justice.

The Bible and Socialism

Perhaps you have heard some Christians argue that the Bible actually supports socialism. The book of Acts seems to approve of socialism. In Acts 4, we find a statement that the believers in Jerusalem "had all things in common." It also says that those who possessed land or houses sold them and brought the proceeds to the apostles' feet. They distributed these gifts to anyone in need. This looks like socialism to many who are already predisposed to believe it should be the economic system of choice.

First, we need to realize that this practice was only done in Jerusalem. As you read through the rest of the book of Acts and read the letters of Paul and Peter, you see that most believers in other parts of the Roman world had private property and possessions. Paul calls upon them to give voluntarily to the work of ministry.

Second, the word voluntary applies not only to Christians in other parts of the world, but it also was a voluntary act by the believers in Jerusalem to give sacrificially to each other in the midst of persecution. This one passage in the book of Act is not a mandate for socialism.

If you keep reading in the book of Acts, you can also see that the believers in Jerusalem owned the property before they voluntarily gave the proceeds to the apostles. The next chapter (Acts 5) clearly teaches that. When Peter confronted Ananias, he clearly stated that: "While it remained, was it not your own? After it was sold, was it not in your own control?"

Owning property contradicts one of the fundamental principles of socialism. In the *Communist Manifesto*, "the abolition of

property" is a major item in the plan for moving from capitalism to socialism and eventually to communism.

By contrast, the Ten Commandments assume private property. The eighth commandment forbidding stealing and the tenth commandment about coveting both assume that people have private property rights.

In fact, we can use biblical principles to evaluate economic systems like capitalism and socialism. Although the Bible does not endorse a particular system, it does have key principles about human nature, private property rights, and the role of government. These can be used to evaluate economic systems like socialism and communism.

Socialism is still a popular idea, especially among young people. Recent polls along with various books about capitalism and socialism illustrate the need for us to discuss and explain the differences between capitalism and socialism. Socialism may sound appealing until you begin to look at the devastating impact it has had on countries that travel down the road of greater governmental control.

Notes

1. Joseph Sobran quoted by Robert Knight, "Bernie's siren song of socialism," *Washington Times*. September 13, 2015, www.washingtontimes.com/news/2015/sep/13/robert-knight-bernie-sanders-siren-song-of-sociali/
2. Dinesh D'Souza, *United States of Socialism*, New York: All Points Books, 2020, 3.
3. Anders Hagstrom, "When you are forced to argue socialism with a liberal," www.facebook.com/watch/?v=234493017230024.
4. John Stossel, "Sweden is not a socialist success," www.facebook.com/watch/?v=407319650027595.
5. Ibid., 5.
6. Ibid., 186.

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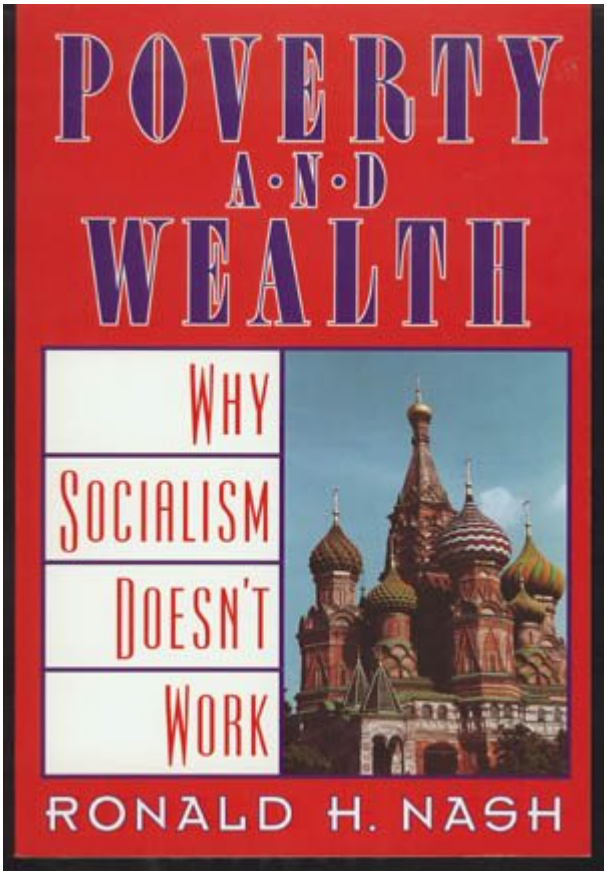
Poverty and Wealth

Don Closson examines the arguments in Ronald Nash's book Poverty and Wealth: Why Socialism Doesn't Work *and concludes that capitalism is compatible with biblical ethics.*

It's disheartening to meet young Christians who are convinced of the immorality of capitalism and the free market system. Sincere Christians often quote the second chapter of Acts which describes how the church in Jerusalem held all things in common as proof that socialism or collectivism is more biblical than the free market. Sometimes they use the Marxist critique that "poor nations are poor because rich nations oppress them." It's unusual to meet students who wholeheartedly endorses capitalism. They recognize that it works well enough to make the U.S. the richest nation on earth, but it's not something to be proud of or openly endorse.



There continues to be a heated debate in our country over which economic system is the most just and best able to weather the inevitable economic ups and downs in today's complex worldwide economy. Christians wonder if capitalism is inherently incompatible with Christian ethics. Is it driven by greed and self-interest alone? Does it thrive on oppression? Does it conflict with a biblical view of human nature?



Ronald Nash's book *Poverty and Wealth: Why Socialism Doesn't Work*{1} faces these questions head on and concludes that free market capitalism leads to abundance and political freedom because it is based on the laws of economics and the truth about human nature. Social and economic programs that ignore these laws will inevitably cause more harm than good. Even more importantly, Nash argues that capitalism is compatible with biblical ethics. He writes,

> Capitalism is quite simply the most moral system, the most effective system, and the most equitable system of economic exchange. When capitalism, the system of free economic exchange, is described fairly, there can be no question that it, rather than socialism or interventionism, comes closer to matching the demands of the Biblical ethic.{2}

In order to understand Dr. Nash's point we will define some basic economic concepts and compare capitalism with socialism and interventionism. Neither Dr. Nash's book nor I question the intentions of Christians who have accepted Marxist solutions, but we do question their wisdom. In the words of Dr. Nash,

> “Unfortunately, many Christians act as though the only thing that counts is intention. But when good intentions are not wedded to sound theory, especially sound economic theory, good intentions can often result in actions that produce consequences directly opposite to those we planned.”

Even the acceptance of free markets by China and Eastern Europe have not swayed the true believer of Marxist thinking. Our young people will encounter a Marxist critique of capitalism and the free market system at some point in their education. As parents we owe it to our children to have an answer to their certain questions.

The Market System

The market system is the set of rules that creates a voluntary system of exchange resulting in the price, selection, and quantity of products that are made and sold in an economy. Those who support capitalism believe that both parties benefit from the voluntary exchange of goods and services. Marxists, on the other hand, often argue that the free market system results in a win/lose relationship. What are the rules that define a free market system and what role should government play in maintaining it?

The rules of a free market system are simple. First, people should not be coerced into making economic exchanges. This means that they should be free from force, fraud, or theft. Another rule is that people must honor their contracts to buy or sell with another party. Just as local government provides for the traffic signals in a town, government is responsible for enforcing the basic rules of the free market. Traffic signals create order out of potential chaos on our roads. Likewise, the rules of the free market system create order out of potential economic chaos. But in neither case do the rules tell people where to go or what to trade. Both systems are neutral to an individual’s personal goals.

The decentralized actions of producers and consumers encourage the production of a vast array of products at prices that people are willing to pay. These goods and services are produced, not because someone is forced to, but because they know that by satisfying needs they can earn an income and satisfy their own desires. Free market capitalism is based on this principle of mutual accommodation. The market also encourages the efficient use of resources. Price is a factor of demand for a product and the scarcity of its components. It is the market which takes into account an almost infinite number of decisions and variables to make goods available at the best possible price. Profits and losses within the market encourage producers to move into or out of the production of a given item. Inefficient production or over-production of an item will result in losses sufficient enough to change a producer's behavior.

Government is necessary for enforcing the basic rules of a free market economy. Its interest should be to make sure that justice prevails, and to ensure the common good. This includes the right to own and exchange property, the enforcement of contracts, as well as laws forbidding the use of force, fraud, and theft. If the government itself begins to intervene beyond this role, it becomes a detriment to the market and can itself become the source of injustice. A system based on, or highly influenced, by government coercion cannot be called a free market system.

Capitalism vs. Socialism

A former president of the Evangelical Theological Society has written that capitalism violates "the basic ethical principles of Christianity" and that there is an essential political and economic dimension to the Kingdom of God which capitalism defiles. This thinking has the effect of placing supporters of capitalism among the heretics and against the Kingdom of God. Does capitalism really violate the gospel message and a

biblical worldview? Does socialism offer the only righteous means for creating and distributing wealth?

Capitalism argues that individuals have the right to make decisions about what they own. This not only assumes the right to own property, but to exchange what one owns for something else, and to be free from force in the form of fraud, theft, or the violation of a contract. The moral base of “thou shalt not steal” and “thou shalt not lie” are essential to the success of a capitalistic system. In fact, these basic rules of capitalism are very similar to an Old Testament view of righteousness which focused on the completion of covenant agreements. God is considered a righteous God partially because He fulfills His covenants with His creation.

Marxists love to point to examples like the Philippines under Ferdinand Marcos in order to criticize capitalism. This corrupt regime can surely be criticized, but not as an example of capitalism. It is representative of what might be called an interventionist economy. There are three general types of economies: capitalist, interventionist, and socialist. Capitalism and socialism are at the two ends of the continuum with interventionism in the middle. The two opposites represent two possible means of exchange. Capitalism is defined by its advocacy of free or peaceful exchange, allowing individual choice regarding the use of personal property. Socialism is defined by centralized planning, using force to get individuals to conform to its decisions. A system becomes less capitalistic and more interventionist as more and more economic decisions are coerced by the government. It becomes socialistic when basic needs are met only by the government, forcing people to deal with it exclusively. The ideal of capitalism is freedom; the ideal of socialism is forced compliance with government planning.

Critics of capitalism condemn economic systems in which interest groups use the power of government to intervene on their behalf, forcing consumers via taxes or mandates to spend

their money or use their talents in a way they would not freely choose. But this isn’t capitalism; it’s interventionism, and unfortunately a pretty good description of where the U.S. is headed.

Economic Systems and Human Nature

Is capitalism the primary cause of world poverty? Although the Bible does teach that exploitation is one cause of poverty, it also teaches that it results from indigence and sloth as well as accidents, injuries, and illness. When the prophet Amos condemned the Jews for forcing the poor to give them grain, for taking bribes, and depriving the oppressed justice, he was highlighting violations of free market capitalism as well.

Some believe that capitalism is built on greed, which the Bible condemns. However, the Bible does teach a certain level of self-interest. For example, 1 Timothy 5:8 is critical of anyone who does not provide for the needs of his family. And although selfishness exists in capitalistic countries, it is not inherent to the system; it is inherent to humanity. Either we allow people to make choices based on their own self-interest and moral virtue, or we turn those decisions over to a central government. Could it be naïve to think that government officials will use wealth in a morally superior way to those outside of government? History teaches that when power is centralized it has the tendency to be abused.

In a non-coercive free market environment, those who serve the needs of others will prosper. As long as the rule of law prevails and the government isn’t allowed to stack the deck for one particular group against another, the market protects us from the greed of others. The free market is by definition one place where coercion is not possible.

Socialists contend that competition is another evil of capitalism, but is competition itself an evil? We can agree

that using force, fraud, or theft to compete is morally wrong, but can we really say that all competition is wrong? Scarcity demands competition; as long as resources are limited we will find some competitive means for allocating them. Socialist societies use long waiting lines and bureaucratic red tape to dole out limited goods, and competition is intense for political positions that result in material gain.

There are only two ways to resolve conflict that results from scarcity. One is by force, the other is by free market competition. Non-violent free market competition has helped to alleviate the effects of scarcity by stirring people to high levels of excellence in manufacturing and services. Socialist countries are not usually known for the quantity or quality of their goods and services.

Economist Walter Williams notes that "Capitalism has a strong bias toward serving the common man. . . . Political allocation of resources, regardless of its stated purpose, is strongly biased in favor of the elite."{3} Maybe that is why the elite have such disdain for capitalism.

Critiquing Socialism

Highly collectivist economies are not known for producing what people need at a price they can afford. In the 1920s, economist Ludwig von Mises showed why central planners can never replace the market: they are unable to gather the necessary information to plan accurately. The market system provides incentives to both producers and buyers that are missing in socialistic countries. Under socialism "rewards are not related to effort and commercial risk-taking, but to party membership, bureaucratic status, political fiat and corruption."{4} Sociologist Peter Burger writes, "Simply put, Socialist equality is shared poverty by serfs, coupled with the monopolization of both privilege and power by a small (increasingly hereditary) aristocracy."{5}

One evangelical writer contends that Marxism has "a deep compassion for people. Unlike present political systems—big business, even the Church—it [Marxism] does not seem to have any particular vested interests to defend."{6} In other words, only Marxists really care about people. However, history has not been kind to Marxist collectivism. Some of the worst human rights records have been accumulated by Marxist regimes in the U.S.S.R., China, Cambodia, North Korea and Cuba. I find it hard to imagine that the millions who died at the hands of Stalin, Mao Tse Tung, or the Khmer Rouge were very impressed by the compassion of their nation's Marxist leaders.

But what about the example in Acts of all Christians sharing their goods in common or of Barnabas selling his property for the good of other believers? What some people miss is that both of these examples are of individuals making free moral choices to use their property for the good of others. They are making free market decisions regarding their possessions. This can only occur when individuals have the freedom to use their possessions to help others. If all economic decisions are made by centralized planners, moral choice is removed and the option to act upon personal moral convictions is reduced.

Living within a capitalistic society allows believers to exercise their personal responsibility to provide for the poor and less fortunate. This has resulted in remarkable examples of philanthropy in America and other capitalistic nations. In fact, no other people on earth have given as much to other nations as have Americans.

A properly functioning market system is an effective tool against oppression and corruption because it promotes the rule of law for all citizens. However, a strong moral system is necessary to keep it from being controlled by special interests. There are too many examples of economies that have been shaped for the benefit of a few. Christ's advocacy for the poor should make us a strong moral barrier to this kind of corruption.

Notes

1. Ronald H. Nash, *Poverty and Wealth: Why Socialism Doesn't Work* (Dallas: Probe Books, 1986).
2. Ibid., 80.
3. Ibid., 75.
4. Ibid., 87.
5. Ibid.
6 . Andrew Kirk, *The Good News of the Kingdom Coming* (Downers Grove, IL: InterVarsity Press, 1985), 45, quoted in Nash, Poverty and Wealth, 191.

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Can the Just Succeed?

Can the just succeed? Can people living by Biblical principles successfully compete in a capitalist economy without compromising? Should we even try? Steve Cable provides a biblical perspective.

Corrupting Cultural Climate

At the turn of the twenty-first century, America was hit with a tsunami of corporate corruption. Names like Enron, Tyco and WorldComm became synonymous with greed and failed corporate leadership. Today, even after Congress and the SEC have strengthened their oversight, high profile cases, such as backdated stock options at Apple, continue to plague us. We can't even take comfort in some past golden era of corporate ethics as we look back at a history filled with robber barons, ruthless company towns, and shady land deals.

In the light of this discouraging reality, we are asking the question, Can the just succeed? Can people living by Biblical principles successfully compete in a capitalist economy without compromising? Should we even try?



Let's begin our exploration of this question by considering the overall cultural climate surrounding our free market economic system. A number of recent studies indicate less than honest behavior, and downright dirty dealing are common throughout our culture.

Let's begin at the top. What type of standard is being set by our business leaders? One recent poll showed that less than twenty percent of Americans had confidence that CEOs would consistently make job-related decisions that were morally appropriate.{1} Is this skepticism well-founded? After all, most CEOs have worked their way to the top as a result of excellent performance in lower positions. Almost fifty percent of corporate executives in a recent Tulane University study were willing to commit fraud in role playing exercises.{2} What was particularly disturbing was that these same executives had affirmed their unwavering commitment to the highest ethical business standards.

Perhaps, we can rely on our workforce to apply their solid middle class values to curb the effects of corrupt leadership. Sadly, a recent study found that forty-eight percent of workers admitted to acting illegally or unethically in the workplace during the previous year.{3} Over thirty percent of them said that their coworkers condone questionable ethics by showing respect for those who achieve success using them.{4} In other words, cheating is not only condoned, it is respected.

We all hope that the upcoming generation will improve upon the sins of the prior generations. Are they bringing a standard of personal values that will clean up the marketplace of the

future? Or, are they following in their elders' footsteps? From 1969 to 1989, the number of students who let someone copy their work rose from fifty-eight to ninety-seven percent.{5} A recent survey published in *Education Week* found that three out of four students admitted to engaging in "serious cheating" within the previous year.{6}

People emulate the behavior they believe will make them successful. Perhaps, today's Christians should join Habakkuk as he questioned God: "Why do You look with favor on those who deal treacherously? Why are You silent when the wicked swallow up those more righteous than they?" (Hab. 1:13){7}

It appears that we will be dealing with a culture of dishonesty in the marketplace for the foreseeable future.

The Slippery Slope

Surprisingly, most Americans identify themselves as trustworthy. So, why are all of these good trustworthy people demonstrating by their behavior that they are not worthy of our trust?

Well, Paul gives us a lot of insight in his first letter to Timothy when he writes, "But those who want to get rich fall into temptation and a snare and many foolish and harmful desires which plunge men into ruin and destruction. For the love of money is a root of all sorts of evil" (1 Tim. 6:9,10).

When we want to accumulate money for our own enjoyment beyond what we need to live, we are tempting ourselves to unethical behavior.

In his book *There is No Such Thing as Business Ethics*, John Maxwell identifies three primary reasons "good" people are led astray in business dealings.{8}

First, we do what is convenient. Many times doing the right

thing is a lot more trouble than doing the convenient thing. Have you ever discovered that you were given too much change, but you didn't want to go to the trouble of returning to the store? Sometimes a convenient lie can help us avoid the consequences of a mistake.

Second, we do what we must to win. After all, everyone is doing it. I have to compromise my standards in order to compete. During my years in a very competitive industry, one of my co-workers often stated, "If you can't lie on a proposal, when can you lie?" In other words, promise whatever you need to get the job, and try to wiggle out of it later.

Third, we rationalize our unethical choices with relativism. We tell ourselves that our ultimate intentions are good. And, besides, if it is good for me, then it must be good. It is scary to think how easy this will be in a postmodern society where all truth is relative truth.

All three of these relate to putting our success ahead of our values. John Maxwell put it well when he said, "Ethics is about how we meet the challenge of doing the right thing when that will cost more than we want to pay."{9}

I would like to add a fourth reason I call the Sudden Slippery Slope. We are taught that as long as we can justify our actions by the rule book then they are OK. In order to get ahead, we start to push the envelope of how we interpret the rules. One day we wake up to find that we have clearly gone beyond the boundary. We discover that we are on a slippery slope where the more we try to cover up or undo our actions the more we find ourselves breaking the rules. Enron is an excellent example of this effect.{10} No one at Enron started out with the objective to wipe out $50 billion in shareholder value overnight through unethical business practices, but a culture of pushing the ethical boundaries will inevitably result in a culture of corruption. Proverbs warns us that when we get in this mode, we have a hard time telling right from

wrong: “But the path of the righteous is like the light of dawn, that shines brighter and brighter until the full day. The way of the wicked is like darkness; they do not know over what they stumble” (Prov. 4:18-19).

A Christian Perspective on Capitalism

Let’s consider a biblical perspective on capitalism.

People are rarely neutral when it comes to capitalism. Some people blame capitalism for the excesses of unethical behavior described earlier in this discussion. But capitalism as the primary cause of corruption is exonerated by comparisons with many communist and socialist economic systems. Historically, these systems have raised corruption and graft to the highest levels.

On the other hand, some commentators seem to equate capitalism with Christianity, implying that one of the tenets of Christianity is a capitalistic free market system. This premise does not hold up to scrutiny either as Christianity has flourished under a variety of economic systems.

Before we go any further, a simple definition of capitalism is needed. Capitalism is an economic system in which the means of production and distribution are privately or corporately owned, and development is proportionate to the accumulation and reinvestment of profits gained in a free market.{11} In other words, private individuals own the resources and make decisions on how to use those resources based on an expectation of return. The genius of capitalism is that individuals or corporations who can provide valuable services better or more efficiently are rewarded with more resources. So, resources tend to be allocated to those who are most capable of using them to produce desired goods and services.

However, one can approach capitalism from either a secular or a faith perspective. In secular capitalism:

- the purpose for business is to return a profit,
- the standard of conduct is the rule of law, and
- the measure of success is accumulation of wealth.

Under a Christian view of capitalism:

- the purpose for business is to honor God,
- the standard of conduct is the Golden Rule, and
- the measure of success is the ability to bless others with the resources God has entrusted to us.

A secular capitalist is accountable only to himself and his shareholders. A Christian business person is accountable to God with a responsibility to all of the stakeholders in the business, including customers and employees.

Capitalism is not essentially Christian, but, as Max Weber pointed out in his classic book, *The Protestant Ethic and the Spirit of Capitalism,*{12} Christianity is good for capitalism in many ways including:

- An excellent work ethic motivated by Paul's admonition in Colossians to "work with sincerity of heart as unto the Lord." Our work results reflect on our Savior, so we are motivated to excellence.

- A willingness to put integrity above profits and to forego investing in businesses which degrade or take advantage of others. As Proverbs 28 says, "Better is the poor who walks in his integrity than he who is crooked though he be rich. . . . He who increases his wealth by interest and usury gathers it for him who is gracious to the poor" (vv. 6,8). Integrity reduces the "greed tax" which is all of the effort wasted on monitoring others to prevent theft.

- A long term perspective that is willing to forgo near term gratification for long term benefits such as investing in hospitals and schools.

Counter to the view of Michael Douglass' character in the movie *Wall Street*, greed is not good. Greed is not what makes capitalism successful. Trusting resources to those who are productive and want to do something of significance is the key to long term economic success!

Called to the Marketplace

What is the role of Christians in the marketplace?

Over the centuries, Christians have had varying responses to the secular marketplace. Some, like the Amish, attempt to isolate themselves from the corrupting influence of the secular world. Others, like the Puritans, believed that excelling in the marketplace was a critical part of the Christian life as evidence of one's election. In recent years the trend has been for Christians to segregate their spiritual church life from their secular work life. This attitude allows many to believe they can conform to the compromised values of our culture without impacting the spiritual aspects of their life. However, since God's truth is the truth in all aspects of our lives, this attitude could not be truth.

What does the New Testament have to say on this subject? Out of twenty-two letters to churches, not one advised Christians to quit working in or participating in the Roman economic system. None of these letters encouraged all Christians to leave their secular vocation and immediately leave for the mission field. The overall picture is that some people are given as gifts to the church, devoting their energies to equipping the church for ministry. But the majority of us are called to be ministers in our vocation (whether that vocation is as a business leader, a laborer or a stay-at-home mother). As Christians, we are called to be a redeeming influence in the place where non-Christians can be found, the marketplace.

As we enter the business world, we should be clear as to our

purpose. I don’t think that it is to prove our salvation by getting the most promotions. Four clear biblical purposes for Christians in the work place are:

1. To honor Christ through my attitude, performance and integrity (Col 3:22-25). In my career, whenever I was asked to state my career objectives, I would focus on Colossians 3 for my answer. I would tell them that since I was called to “work heartily as unto the Lord” and to serve with “sincerity of heart”, my career objective is to fulfill the role that creates the most value for my employer. That statement was not only true, but was also warmly received by my supervisor.

2. To share Christ in my unique mission field. We interact with more non-Christians in the business world than just about any other venue (Col. 4:5-6).

3. To provide for the physical needs of your family (1 Tim. 5:8).

4. To be able to share with others who need help (2 Cor. 8:12-14).

Jesus summed it up for us when He said, “Let your light shine before men in such a way that they may see your good works, and glorify your Father who is in heaven” (Matt. 5:16).

Compelling Results

Let’s conclude by considering the characteristics of a just business and looking at some measures of success.

Whether for the individual or for a corporation, Christian behavior is going to be characterized by the Golden Rule taught by our Lord: “Treat others the way that you want them to treat you” (Luke 6:31). This means that we are not going to deceive, covet, or steal in our business dealings. We are

going to treat others with respect and with grace. We are going to choose integrity over convenience or profit.

Since we all like to win, does the Golden Rule mean that I should always let my competitors win? Should I just turn over the market to them? I don't know about you, but I absolutely hate it when someone lets me win. Everyone loses if we allow inferior or more costly products to claim the market because no one wants to compete with the status quo (think about the fall of the Soviet Union when you consider this topic). Competition promotes better products and greater productivity which creates more resources and opportunities even for your competitors. The problem arises not from having a competitive system, but from greed causing some to hoard wealth. So, a Christian business will compete aggressively but fairly. They will also realize not to compete by destroying the lives of employees through long hours, poor working conditions, or unfair wages.

Won't a company or individual applying these principles put themselves at a disadvantage? After all, when swimming with sharks, a guppy will always get eaten. In his book *Profit at Any Cost,*{13} Jerry Fleming analyzed the results of corporations who appeared to place a premium on a high standard of ethical behavior. He discovered that these businesses typically induce others to behave ethically toward them. There is also a strong correlation between a firm's commitment to ethics and a lower employee turnover. Typically, a lower turnover rate results in greater productivity from experienced, content employees. At the bottom line, he found a significant positive correlation between a firm's ethical behavior and its economic performance. Companies promoting unethical practices pay a price in the long run (think Enron). An investment in ethically responsible firms has resulted in a return eight times better than the return on the Dow Jones Industrial Average over a period of thirty years.

What conclusions can we draw from our study of Christian

principles in the workplace? Applying Christian principles to business is not:
• a magic shield against failure, or
• a way to always avoid criticism, or
• an assurance that your product will be the best on the market.

But, it is:

- a part of our calling to follow Christ,
- the best way to conduct business, and
- a consistent companion of long term success.

No matter the financial results, we are a success when we follow Christ's example in the work place.

Notes

1. Barna Update: "Americans Speak: Enron, WorldCom and Others Are Result of Inadequate Moral Training By Families," The Barna Group, July 22, 2002, www.barna.org/FlexPage.aspx?Page=BarnaUpdate&BarnaUpdateID=117
2. 1996 Tulane University study reported in workforce.com/archive/feature/22/14/56/index.php
3. Samuel Greengard, "50% of Your Employees are Lying, Cheating & Stealing", workforce.com.
4. "2003 National Business Ethics Survey", Ethics Resource Center.
5. Urie Bronfenbrenner *et al.*, *The State of Americans: This Generation and the Next* (Free Press, 1996), quoted on Plagiarism.org, www.plagiarism.org/facts.html.
6. Ibid.
7. All Scripture references are taken from the New American Standard Updated Edition.
8. John Maxwell, *There's No Such Thing as "Business" Ethics*, Warner Books, 2003.
9. Ibid.
10. For an in depth look at what happened at Enron see Kurt

Eichenwald, *Conspiracy of Fools* (New York: Broadway Books, 2005).
11. The American Heritage Dictionary of the English Language, 4th ed., s.v. “capitalism.”
12. Max Weber, *The Protestant Ethic and the Spirit of Capitalism*, 2nd rev. ed. (New York: HarperCollins Publishers Ltd; January 27, 1977).
13. Jerry Fleming, *Profit at Any Cost* (Grand Rapids: Baker Books, 2003).

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Capitalism and Socialism

Kerby Anderson writes that recent polls show the a mere majority of Americans believe in capitalism. And those under the age of 30 are essentially evenly divided about capitalism and socialism. Is there a war on capitalism? And are there answers to the typical criticisms of capitalism?

Poll About Capitalism

Americans traditionally have supported capitalism over socialism, but there is growing evidence that might be changing. The latest Rasmussen poll showed that a mere majority of Americans (fifty-three percent) say capitalism is better than socialism.{1} And one in five (twenty percent) say that socialism is better than capitalism. America may not be ready to reject capitalism for socialism, but this poll does show less enthusiasm than in the past.



Age is a significant component. If you look at adults under the age of thirty in the poll, you find they are essentially evenly divided. More than a third of young people (thirty-seven percent) prefer capitalism, another third (thirty-three percent) embrace socialism, and the rest (thirty percent) are undecided.

What are we to make of this? First, the terms capitalism and socialism weren't defined in the poll. I suspect that if the pollsters explained the various tenets of socialism that the percentages would change. Defining capitalism would also be important since many would not necessary associate it with a free market but instead might have visions of an evil, greedy capitalist. After all, that is how many businessmen are portrayed in the media.

How should we define capitalism and socialism? Here are some brief definitions of these two economic systems. Capitalism is an economic system in which there is private property and the means of production are privately owned. In capitalism, there is a limited role for government. Socialism is an economic system in which there is public or state ownership of the means of production and the primary focus is on providing an equality of outcomes. In socialism, the state is all-important and involved in central planning.

Another question surfacing from the Rasmussen poll concerns those under the age of thirty. They are probably the least likely to associate socialism with Soviet-style repression. Instead, they may have in their minds the current government push toward European socialism and find that more attractive. Also, they are less likely to have "skin in the game." When you ask investors this same question about capitalism and socialism, they favored capitalism by a five-to-one margin.

Political affiliation is another determinant of support for capitalism. Republicans favor capitalism over socialism by an eleven-to-one margin. By contrast, Democrats are more closely divided. They barely favor capitalism (thirty-nine percent) over socialism (thirty percent).

In what follows I'll look at the debate between capitalism and socialism and provide a biblical critique.{2}

The War Over Capitalism

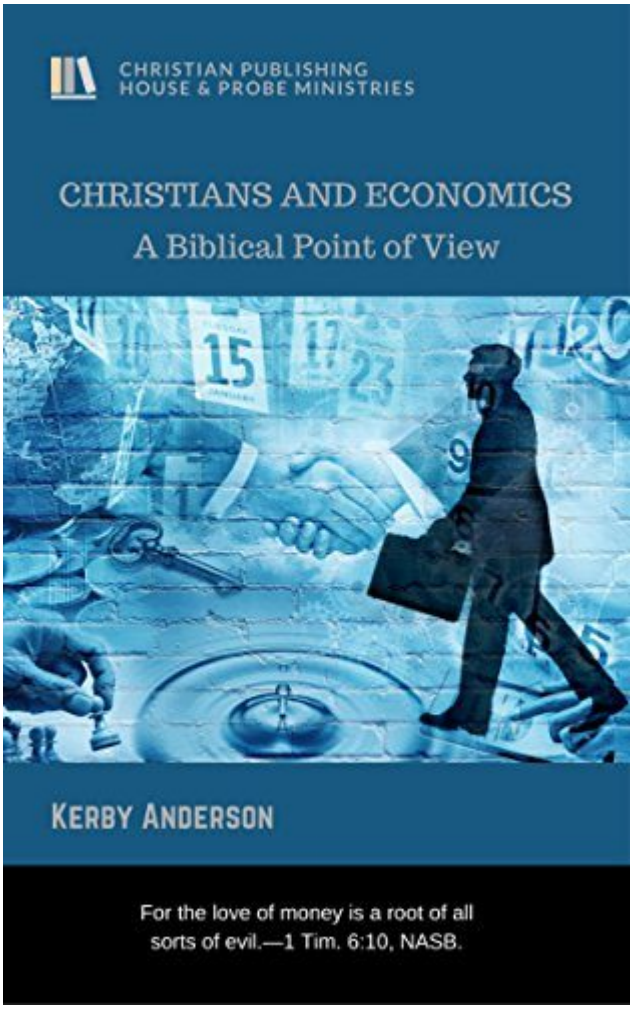
I noted that fifty-three percent of Americans say capitalism is better than socialism. While that is a majority, it is a mere majority and hardly a strong endorsement of free market economics.

We might wonder if the percentages of support for these economic systems might change if different words were used. A survey taken in 2007 came to a different conclusion. The Pew Research Center asked people if they were better off "in a free market economy even though there may be severe ups and downs from time to time." In that case seventy percent agreed, versus twenty percent who disagreed.{3} This might suggest that Americans like terms like "free market" more than "capitalism."

These polls illustrate that we are in the midst of a cultural conflict over capitalism. That is the conclusion of Arthur Brooks. His op-ed in *The Wall Street Journal* argues that "The Real Culture War is Over Capitalism."{4} He notes that President Obama's tax plan will increase the percentage of American adults who pay no federal income tax from forty percent to forty-nine percent (and another eleven percent will pay less than five percent of their income in tax). This has the potential to change attitudes about taxes since half of America won't be paying taxes.

Brookes says, "To put a modern twist on the old axiom, a man

who is not a socialist at 20 has no heart; a man who is still a socialist at 40 either has no head, or pays no taxes. Social Democrats are working to create a society where the majority are net recipients of the 'sharing economy.' They are fighting a culture war of attrition with economic tools."{5}



These various polls, as well as the current debate about the role of government in the economy, illustrate why we need to educate adults and young people about economics and the free market system (in my book, *Making The Most of Your Money in Tough Times*, I devote a number of chapters to economics and economic systems). How can we use biblical principles to evaluate economic systems like capitalism and socialism? The Bible does not endorse a particular system, but it does have key principles about human nature, private property rights, and the role of government. These can be used to evaluate economic systems.

The Bible warns us about the effects of sinful behavior in the

world. Therefore, we should be concerned about any system that would concentrate economic power and thereby unleash the ravages of sinful behavior on the society. We should reject socialism and state-controlled economies that would concentrate power in the hands of a few sinful individuals.

Economic Criticisms of Capitalism

People often reject the idea of capitalism because they believe one of the *economic* criticisms of capitalism. Here are two of these 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 major car companies may seem like a monopolies or oligopolies 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 regulation. But this need not 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.

Sometimes when speaking on the topic of government and the environment, I use a thought experiment. 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 imagine if you required that the water intake pipe be downstream and the waste pipe be upstream. If you did require this (and this is only a thought experiment) you would instantly guarantee that you would have less of a problem with water pollution. Why? It is now in the self-interest of the community to clean the wastewater being pumped back into the river.

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.

Moral Criticism of Capitalism

Another reason people often reject the idea of capitalism is because they believe it is *immoral*.

One of the 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-interests 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.

Capitalism was founded on the observation that all of us have self-interest. Rather than trying to change that, economists saw that self-interest could be the motor of the capitalist system.

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. Capitalism may have its flaws as an economic system, but it can be controlled to give us a great deal of economic prosperity and economic freedom.

Capitalism and the Zero-Sum Myth

There is a myth that is often at the very foundation of many of the criticisms of capitalism. We can call it the zero-sum myth. By zero-sum, I mean that one person wins and another person loses. Most competitive games are zero-sum games. One team or person wins; the other loses.

In most cases, the free market can be a win-win scenario rather than a win-lose scenario. In his book, *Money, Greed, and God*, Jay Richards uses a fun example from his childhood to illustrate this point.{6}

In the sixth grade, his teacher had them play the "trading game." She passed out little gifts to all of the students: a ten-pack of Doublemint gum, a paddleboard with a rubber ball, a Bugs Bunny picture frame, an egg of Silly Putty, a set of Barbie trading cards, etc.

She then asked the students to rate how much they liked their gift on a scale from one to ten. Then she compiled the score and put it on the board. Then she divided the class into five groups of five students and told them they could trade their gift with anyone in the group. Jay traded the Barbie trading cards he had with a girl in his group who had the paddleboard.

Then the teacher asked them to rate how much they liked their gifts. And she put that number on the board. The total score went up.

Then she told the students they could trade with anyone in the room. Now they had twenty-four possible trading partners rather than just the four in their group. The trading really

began to take off. Once again, the teacher asked them to rate their gifts. When she put the number on the board, the total score went up again.

Almost everyone ended up with a toy he or she liked more than when the trading began. In fact, the only individual scores that did not go up were from students who really liked the gift they received initially from the teacher.

The students that day learned some valuable lessons about a free economy. When people are free to trade, they can add value to the traded item even though it remained physically unchanged. And they saw the value of having more trading partners (in this case twenty-four rather than four). Most of all, they learned that the free exchange can be a win-win proposition.

We can certainly admit that sometimes capitalism is not a win-win proposition. When there are limited resources and an individual or corporation is able to manipulate the political system in their favor, it is a win for the manipulator but a loss for Americans who did not have such political access. However, that is not a flaw in capitalism, but what results when government is corrupt or is corrupted by those who manipulate the system

Notes

1. "Just 53% Say Capitalism Better Than Socialism," Rasmussen Reports, 9 April 2009.
2. If you would like more information about this topic or would like to order my book, *Making the Most of Your Money in Tough Times*, visit our website store at www.probe.org for more information.
3. "World Publics Welcome Global Trade – But Not Immigration," Pew Research Center, 4 October 2007.
4. Arthur Brooks, "The Real Culture War is Over Capitalism," *The Wall Street Journal*, 30 April 2009.

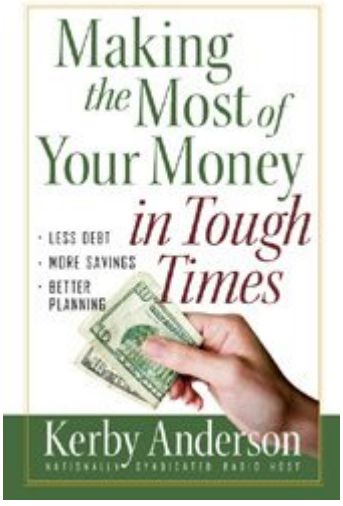
5. Ibid.
6. Jay Richards, *Money, Greed, and God* (NY: Harper One, 2009), 60-61.

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A Biblical View of Economics – A Christian Life Perspective

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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