

# The Economy from a Biblical Perspective

“Choose you this day whom you will serve.” (Josh. 24:15)

In 2008, America and the world were hit with an economic crisis. Declining property values, bad mortgages, over-extension by lending institutions, and sinking businesses were some of the easily recognizable factors contributing to this crisis. Governments in different nations began to take steps to attempt to provide a solution. Most of the governments’ actions involved using tax dollars (money that does not exist) to bail-out or invest in various financial institutions and some failing businesses (like General Motors).

Were the actions taken by the governments the best thing they could do to solve the problem? Were these actions the Biblical means of dealing with the crisis? What is the role of government in economic issues? To answer these questions we must have some understanding of what the Bible says about economics.

## **Economics begins with choices.**

“Choose you this day whom you will serve” — God or man (Josh. 24:15). This is the foundation for our economy. Economics begins with choices. Personal choices determine our personal economic situation. The aggregate choices of all citizens shape the economy as a whole. In addition, choices of rulers greatly impact the national economy, for **government is the house in which the economy lives.**

## **Our worldview determines the nature of our economy.**

As we approach economics, as any area of life, we all start with presuppositions. Our presuppositions, or set of ideas and beliefs that we hold about the world, will determine how we view economics, and hence, how we as a people organize our economic systems and policies (as well as our governmental systems, which have a great impact upon our economic systems). Christians start with the idea that GOD IS. Non-believers should also, but do not, start at this place, since this forms the foundation for prosperity and liberty. C.H.

MacIntosh compared non-believers and believers approach to knowledge, writing in 1882:

“He [the non-believer] measures everything by his own standard, and rejects whatever he cannot reconcile with his own notions. He lays down, with marvelous coolness, his own premises, and then proceeds to draw his own conclusions; but if the premises are false, the conclusions must be false likewise. And there is this invariable feature attaching to the premises of all skeptics, rationalists, and infidels — *they always leave out God*; and hence all their conclusions must be fatally false. On the other hand, the humble believer starts with this great first principle, that *God is*; and not only that He is, but that He has to do with His creatures; that He interests Himself in, and occupies Himself about, the affairs of men.”<sup>1</sup>

We start with the premise that there is a God Who created all things, including man — and God is concerned about the economy, about how we manage our household and our nation. Viewing man from God’s perspective has great implications for economics. The Christian view of man includes:

- Man is created in the image of God, and hence has great value.
- Man has many characteristics of his Creator, including the ability to choose.

GOD IS **and** He has revealed Himself in His Word. He has also revealed principles for all of life (including economy). Thus, men who claim to be Christian must reason from those principles to be truly Christian and to obtain the fruit of obedience.

### **Definition of economics**

In his original dictionary (published in 1828), Noah Webster defined economy as:

1. Primarily, the management, regulation and government of a family or the concerns of a household. . . . 3. A frugal and judicious use of money; . . . Frugality in the necessary expenditure of money. . . . 9. System of management; general regulation and disposition of the affairs of a state or nation, or of any department of government.<sup>2</sup>

The last definition is what most people think of when speaking of economics, but this definition stems from the prior definitions. How people manage their households determine what the economy at large will look like.

**Economist:** one who manages domestic or other concerns with frugality; one who expends money, time or labor judiciously, and without waste.<sup>3</sup>

Notice in both definitions the basic idea of frugality. We can all be economists if we manage our time, money, and labor with *frugality*. We are not to be prodigal (wasteful; recklessly extravagant) sons.

## Economics as Choice

One Biblical supposition affecting our view of the economy is that God created man knowing he would have basic needs, such as food, clothing, and shelter. God created everything that was needed to meet those needs. One, God created natural resources — He created renewable resources (through photosynthesis and reproduction). We can have confidence that God has provided all that we need; thus, we can have faith to seek, find, and process abundant natural resources.

**We do not live in a resource short world.** If we follow God's ways and continue to seek for new ideas and new ways to look at the resources He has put in the earth, we will always have that which is needed to have life abundantly and to take dominion over the earth.

While God has created the earth such that we have renewable resources, resources are not unlimited. There is a scarcity of time, labor, and material wealth. We must use the resources we have in a frugal manner in order to gain the greatest benefit from them. We are to be good stewards of all the things God has given to us. We are to economize. In his definition of *economize* Webster wrote, "It is our duty to economize, in the use of public money, as well as of our own." To economize in the use of public money requires Christian character.

Since we must manage limited resources judiciously, this implies we must make wise choices. Thus, **economics** can be called **the science of choice**. In the broad sense, economics is the study of the choices men make to better their households. Economics is unique to man because only man can choose. Man can choose, because he was created in the image of God with the ability to choose. God can choose, and so can man. This choice is what makes anything valuable.

If God declares something has value, then it does. His choice makes it valuable. Likewise, **man's choice gives value to things**. "Value exists only in the mind (that is, all value is imputed by man, that he arranges things or available choices according to his own unique scale of preference or value)."<sup>4</sup> Man often chooses differently than God, which has consequences. For example, some people do not value human life and have killed many people. Some men have placed great value on immoral things, contrary to what God says. Christian men will choose to labor hard, save, invest, and give. Lost men often choose differently.

The value of material things is determined by the value man places upon them, by how he thinks about them. What he thinks is affected by his worldview and also his circumstances. Consider for example what is more valuable, water or diamonds. Most men place a much greater value upon diamonds than water (due to the relative abundance of each) and would exchange a huge volume of water for one diamond, if the owner of a diamond would agree to this. But in certain circumstances, for example for one lost in a desert, water becomes much more valuable than a cup full of diamonds. The relative availability of something affects how men value a thing in their mind, but this is not the only factor. An item may be scarce (like a modern pop-art painting), but many people would assign no value to it. Value is imputed to something by the choice that individuals make based upon their own scale value. Some people would pay millions for some modern abstract paintings; I would pay nothing, or little, and that only considering I could sell it to someone with a completely different mental scale value. Some would pay hundreds of dollars to see certain musicians in concert that I would not go to see unless someone paid me.

God wants man to make choices that benefit man and advance God's Kingdom in the earth. In a broad sense, these choices include spiritual as well as materials things; but we will concern ourselves in this study with the frugal use of physical things. However, we must realize that man's material choices flow from his spiritual and moral beliefs. Moral and ethical concerns are intertwined with economic choices. In fact, the founder of modern economics, Adam Smith, was the instructor of moral philosophy at the University of Glasgow; and his book *The Wealth of Nations* (1776) was developed out of his prior book, *The Theory of Moral Sentiments* (1759).

### **Choice is the foundation of economics.**

Bad choices by individuals produce bad economic results, personally and nationally. People choosing to spend beyond their means is one main factor in the rising number of home loan defaults in recent times. (There are many other contributing factors to this problem, including unethical lenders, but fundamentally this crisis is a result of the nation violating Biblical principles of money and banking.<sup>5</sup>)

### **Bad choices by government leaders**

Bad choices by government leaders also have a devastating effect upon the economy. For example, if the United States government chooses to spend more money than it takes in via taxes (by law individual states cannot deficit spend), it must borrow money or increase the money supply. There are many negative effects of these actions including: inflation and ever increasing prices

of goods and services, diminishing wealth of citizens (including those not yet born who must help pay for the borrowed money), and decreasing value of the dollar.

Isaiah pointed out to the nation that had turned aside from God's law: "Your silver has become dross" (Isa. 1:21-23). Mixing cheap alloys with silver increases the money supply in a deceitful and unrighteous way. This same thing occurs today all the time in nations all over the world, not by directly mixing base metals with silver, but by artificially increasing the money supply.

The federal government has consistently spent more money than it has taken in for many decades. To cover this deficit spending the money supply must be increased (or more money must be borrowed, which has the same effect). The Money Supply (M3<sup>6</sup>) has been going up at 16% recently. In the three years of 2005-2007, \$4 trillion of new money was created. The consequence of increasing the money supply is inflation, rising prices. Prices rise because there is much more money to purchase the same (or nearly the same) amount of goods and services.<sup>7</sup>

Congress does not have the character or knowledge to decrease spending — domestic spending is up, military spending is up. Recent tax rebates and massive government bailouts required borrowing money (which diminishes the wealth of the nation and robs from our children and grandchildren) and/or the creation of new "money." Where did the federal government get the \$750 billion it used to attempt to fix many collapsing banks and lending institutions in 2008? Where did it get the nearly one trillion dollars for its stimulus spending package of early 2009? Some of this money will be borrowed, some will be created from nothing.<sup>8</sup>

### **Good choices produce prosperity and advancement.**

To improve our economy, we should make sound choices — as individuals, families, businessmen, and civil rulers. We should choose to follow God, and obey His commands and precepts. If we do, we will work hard, be honest in our economic activities, be frugal, not spend beyond our means, give to God's Kingdom work, save and invest, and do all those things necessary for wealth and God's blessings to come upon us and our nation.

The overall economy of a nation is determined by millions of choices the citizens make every day. The economy begins in the heart and mind of man. The choice and action of rulers can have a great impact upon the economy. For example, Zimbabwe's President Robert Mugabe has nearly destroyed the economy of the nation by his many bad choices; most of his people are starving.

## The Bible and Economics

The Bible speaks to all of life and gives principles for every good work (2 Tim. 3:16-17). It has much to say about economics and business. To be able to assess our current economic situation and determine what policies would be best to put the nation upon a path of prosperity, we must know what the Bible teaches about economics. Some Biblical economic principles include:

### 1. God desires us to have wealth in order to fulfill His purposes.

God wants to bless His people and bring them wealth, as opposed to merely riches. **Riches** are perishable assets. Anyone can obtain riches, and many people have done so in ungodly ways. **Wealth** is having the skills, spiritual knowledge, and Godly character needed to live a productive and kingdom-centered life.

A few Scriptures revealing God's desire to bring wealth to His people include:

- When we obey Him, we will be blessed in every way (Deut. 28:1-14).
- "The righteous will be rewarded with prosperity" (Prov. 13:21).
- "It is He who is giving you power to make wealth, that He may confirm His covenant" (Deut. 8:18).
- Prov. 13:11 — Wealth comes by honesty and labor.
- Prov. 13:4; 14:23 — the diligent are made rich; those who labor profit.

**Wealth comes through work, thrift, and God's blessings.** People must have Godly character to produce wealth. Wealth is maintained through capital (both material and mental property) and is often passed on through inheritance. In a Christian society, each succeeding generation will be more prosperous than the one before.

Wealth gives individuals social power. Thus, through inheritance, the wealth and social power of a family can increase. God wants power to rest in families and not the state. The socialist state seeks to take the wealth of the people through excessive taxes, regulatory burdens, inflationary economic policies, dishonest money, etc. Social progress occurs when families are able to apply Biblical principles and accumulate wealth.

God gives us power to make wealth, but this is not primarily that we can gratify ourselves and live at ease (though this will come to some extent with Godly wealth) but in order that we may confirm His covenant (Deut. 8:18). His covenant with man, as first established after creation, entails our taking dominion over the earth, of ruling and subduing the earth (Gen. 1:28). God desires that we occupy until He returns (Luke 19:13). He wants us to bring Godly

transformation to ourselves, our family, our community, our business, and our nation. This is the reason He gives us power to make wealth. Again, wealth is much more than riches. Wealth entails having a Biblical view of life and living according to that view. It involves understanding your purpose in life. It includes relationships, good health, and material contentment. Chapter 8 of Deuteronomy makes clear that remembering and obeying God is essential for wealth creation and retention — that having His wisdom and understanding is vital for wealth, and that viewing life from His perspective is the foundation for wealth creation.

## **2. Christianity produces liberty which is necessary for economic advancement.**

In the Lord's Prayer Jesus taught us to pray, "Give us this day our daily bread." Throughout most of history this prayer had (or would have had if prayed) great significance because most people in most nations have had difficulty getting enough food to eat. In fact, most people have lived with hunger through most of their lives, and many have starved to death, and still starve to death today. (Hunger is the leading cause of death in the world today.)

But with the birth of America, famine ended and this prayer was answered. America leaped forward in seeing provision for the daily needs of its citizens. From the year 1623, when the Pilgrims replaced the communistic economic system imposed upon them with a Biblical individual enterprise system, there has been no famine in the land. By the mid-1800s an abundance existed. Even while parts of Europe were starving (for example, during the potato famine in Ireland), America was prospering.<sup>9</sup> Why?

Up until recent times, mankind basically lived the same way for 6000 years of recorded history. They cooked over open fires, used simple plows, harvested by hand, spun on simple wheels, etc. But beginning with the birth of America, there was an outburst of human energy, an exponential increase of inventions, and great growth of wealth. Why?

Was it because of great natural resources? No, for many nations have as many or more. Was it due to the special qualities of the European settlers? No, for some of these same people were starving in Europe. Was it because Americans worked harder than others in the world? Not really (though diligent labor was important in America's prosperity — the Puritan work ethic is foundational for America's success). What then? The primary reason was due to man being able to live in Christian liberty, and this came due to people having a Biblical idea of man, family, education, government, law, and economics. A Biblical worldview released character and ideas in men that propelled them forward in taking dominion over God's creation.

**A nation is cultivated in direct relation to the amount of liberty in the nation** — more liberty, greater productivity. This is more important than type of soil, climate, or natural resources (though these, of course, have an effect). Free Americans turned the desolate plains into a garden; they turned the desert of Arizona into a fruit field; inhospitable Idaho into a potato mine, and so on.

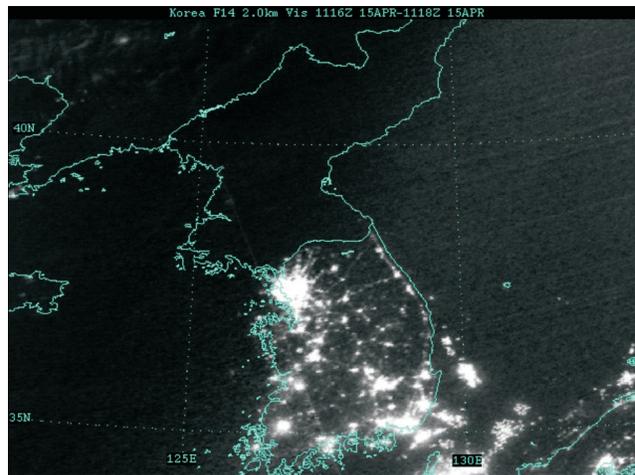
Christianity produced personal liberty in the hearts and minds of men, which in turn produced religious, political, civil, and economic liberty. The ability to live free, direct their future, and benefit from their physical and mental labor brought many new ideas and inventions to Americans, which produced great transformation in society.

This has spread rapidly to many nations during the past century; first to the Christian West, which had some foundation in these ideas to build upon. In the past few decades this advancement has greatly affected many other historically “non-Christian” nations. Those nations where Christianity is growing have had the greatest transformation (like South Korea), but even non-Christian and communist nations (like Japan and China) that have embraced economic ideas of liberty have experienced a growing prosperity.

In the 20th century, we have seen prosperity come to nations applying ideas of economic freedom, and we have seen the failure of communism in Russia, the former Soviet nations, North Korea, Cuba, and other places.

A picture of North and South Korea at night reveals how liberty produces prosperity. Electric lights are seen throughout South Korea (which has much freedom), while North Korea is dark.

In summary, liberty is the cause of progress for mankind. Liberty causes more cultivation, more invention, more labor, more wealth. But liberty is a product of Christian ideas. Christ is the ultimate liberator (it was for freedom Christ came to set us free). Christianity, therefore is the source of progress.<sup>10</sup>



Comparing North and South Korea at night reveals that freedom produces prosperity.

### **3. A Christian economy (with the corresponding fruit of wealth, blessing, charity) will flow from the heart and mind of man outward.**

Christianity produces internal liberty in man, which is the foundation for a Christian economy. The internal change of heart that Christ brings produces Christian character and self-government which is necessary for an economy to be prosperous. Christian character and self-government produce:

- People who will not steal. Billions of dollars are lost each year by American businesses to theft by their employees. This theft is much greater than that by non-employees.
- People with a strong work ethic who will labor hard and be productive. This will cause an economy to grow.
- People who will save and invest to acquire greater return later.
- People who have concern for their posterity and will seek to pass on a greater estate than they received.

The truth of the gospel also imparts new ideas and creativity to man which assists him in increasing his material welfare. This occurs as man creates new and better tools. In addition, man gains the understanding that God has given him an abundance to rule the earth and if he seeks His supply, he will find it.<sup>11</sup>

It is necessary for citizens to have Christian character **and** a Biblical worldview for a prospering economy. Economics involves choices, right choices. People must think right to act right and make right choices. God's Word is the source of right ideas.

### **4. Private property is a fundamental component of prosperous, advancing economies.**

#### **God's ownership and man's stewardship.**

God created all things (all property), and thus He owns it all. "The earth is the Lord's, and all its fullness. The world and those who dwell therein. For He has founded it upon the seas, and established it upon the waters" (Psalm 24:1-2). God gave men laws that reveal how His creation functions best. If man substitutes his own laws for God's laws, the result is judgment. This judgment comes in part when men must eat the bad fruit of the bad seeds they plant. This is certainly true when men violate God's economic principles.

God not only created all things, but He also sustains all things (Col. 1:16-17). This has implications economically: we need His common and special grace to be productive and accumulate wealth.

### **God gave to man the stewardship of His property.**

- Stewardship includes the mandate to be fruitful, to subdue the earth, and to rule over it (over the animals, plants, resources).
- Each man has a unique calling, with unique talents and skills and interests. Each is to walk out his salvation on the earth. Thus, each man is to apply these talents in the marketplace, as a producer and consumer. Government cannot know the call of every man.
- As God's representative, man is given real authority over His creation. But that authority must be carried out in accordance with the Creator and His commands. Violation is rebellion and the result is trouble. Rulers who reject God's higher authority will find their own followers will be like them — stubborn, rebellious, and resistant to commands. They will then have to use force to keep order.
- Man is given private property rights.

### **The Bible affirms private property.**

- God owns everything (Psalm 24:1-2) but He has given to man stewardship of the earth (Psalm 115:16). It is man's responsibility to care for God's creation (Gen. 1:28).
- The Eighth Commandment to not steal implies private property rights (Ex. 20:15).
- You shall not covet your neighbor's property (Ex. 20:17) implies individual ownership of property.
- Families in Israel were given land that they owned.
- "You shall not move your neighbor's boundary mark" or property boundaries (Deut. 19:14; Deut. 27:17).
- Jeremiah bought a field from his cousin. He signed a deed, with witnesses after paying money for it (Jer. 32:1-16). This was a sign that houses and land would again be possessed by Israel (for the Chaldeans had captured it). We see private ownership and the free market here.
- Ex. 22:1 ff; Prov. 6:30-31: Restitution is to be made by the thief for property stolen. This was a 2, 4, or 5 fold payback.
- Parable of Laborers in the Vineyard (Matt. 20:1-16). This teaches many things, but one is that the landowner could do what he wished with his own property: "Is it not lawful for me to do what I wish with my own things?" (Matt. 20:15)
- The early church in Jerusalem voluntarily sold their property to help those in need. (This was encouraged, and was a wise move, since they would be persecuted and forced to flee the city [Acts 8:1]; ultimately Jerusalem was

destroyed in 70 A.D.) Peter affirmed the ownership and individual control of the property of Ananias and Sapphira: “while it remained, was it not your own? And after it was sold, was it not in your own control?” (Acts 5:4). (Their sin was lying to God.) It is clear that the early church did not require or practice communistic or socialistic ownership of property. Shared property was voluntary. There was shared property, but it was voluntary, and it was only in the church in Jerusalem, not anywhere else. It was done in Jerusalem due to local historical events that had been revealed to the church through prophecy (Jesus warned them it would fall, Luke 21).

- “Your **own** vine and fig tree.” (1 Kings 4:25; Micah 4:4; Zech. 3:10)

### **Who is the primary manager of God’s property?**

According to the Bible, property is primarily to be owned by the family (and individuals who represent the family).

- The family is the primary institution to take dominion (Gen. 1), and to do this it must own and control land and property.
- In the Old Testament the family clearly owned the property.
- The principle of property still holds for the New Testament. We own property as stewards for families.
- This is not to say that singles cannot own property. Singles as heads of households may have responsibility to care for parents who are unable to care for themselves (Ex. 20:12). [The oldest son received a double portion of the inheritance in order to do this.]
- When a man marries, he forms his own family and is no longer ruled by the original family (Gen. 2:24). A Christian view of the family provides the foundation for wealth and a good economy. Marriage leads to stability and prosperity. Married men act more responsibly, commit less crimes, and generally produce more wealth. Wealth flows to those who take personal responsibility over their own affairs.
- Humans have a right to own property — a God-given right. Property rights are human rights, one of the most fundamental human rights. (We have right to life, liberty, property.)
- Each of the three divine institutions (family, church, state) has some authority in the field of economics, but the family is the primary agency, because it is the primary agency of dominion.

The Fall affected man and cursed the ground. All aspects of economics were impacted. As man has obeyed God, taken dominion (with Christ making this truly possible), and learned and applied Biblical economics, he has gradually overcome the effects of the Fall.

### **Who owns property?**

The concept of “mine” comes easily and naturally to individuals. One of the first words of babies is “mine.” The concept of “yours” does not come so easily; it must be taught, and then it is difficult for many to learn, and some never learn it. “Mine” comes easily because we are created in the image of God. God as Creator owns all, but he has delegated to man the ownership (or stewardship, since we are temporary owners) of the earth.

God has not delegated everything to any one person, or any one family, or church, or business, or civil government. Sinful men often think that God has delegated all ownership to the state. (This is socialism or statism and has many forms — Caesar was a socialist; those who built Babel were socialists; dictators are socialists; communists are socialists; Marxists are socialists; the modern welfare societies are socialist societies, and a majority of their leaders and citizens are socialists; America has been gradually moving toward socialism throughout the last century.)

Who owns the property? Who owns and controls the tools of production? There has been debate and conflict throughout history between those promoting private ownership versus those espousing socialistic ownership. Some have said that the private sector can own the property, but the state should own the tools of production (for example, the Nazis or National Socialists). Some have argued that the private sector might “own” the tools of production, but that the state would control them (e.g. the fascists in Italy). In contrast, a Biblical free market system is based upon private ownership of property and tools, as well as private control of tools.

The Bible teaches both collective and private ownership of property, but the vast majority of property is owned by individuals and the family. The church can own property to fulfill its mission. A collective business partnership can own property. Civil government can own minimal property that is necessary to fulfill its Biblical function. (For example, it can own forts, some few government buildings, police stations, some roads, possibly local common lands for parks.)

One reason private property is important is that it causes people to be more productive, since they will be motivated to build up their property to enjoy it and pass more on to their children or others who will carry on their goals in life. Adam Smith wrote of the appeal to self-interest or the profit motive in increasing the productivity of workers. Through rewarding people for their labor, you gain the cooperation of workers, as opposed to attempt to use force to extract labor. They gladly serve the larger interests of a business because they are also serving their own interests. Everyone benefits — the producers of

goods and services (owners and workers) and the consumers of goods and services (who obtain better products cheaper).

Why would anyone labor their whole lives, saving and acquiring property, if it were all to be confiscated along the way and at the end? Why would anyone labor to acquire the knowledge and skills necessary to advance various professions if there were no benefit and if their property would be confiscated and given to lazy or unproductive people?

### **5. Individual enterprise and wealth result when men are able to benefit from the fruit of their labor.**

The Bible teaches that you are to benefit from the fruit of your labor. You should eat the fruit of your own labor. The profit motive encourages more labor, which produces more wealth. The Bible teaches, “You shall not muzzle the ox while he is threshing. . . . the plowman ought to plow in hope, and the thresher to thresh in hope of sharing the crops” (1 Cor. 9:9-10).

Paul writes that if you don’t work you don’t eat (2 Thess. 3:10b). Conversely, the harder you work, the more you should benefit materially with more to eat, etc. There is much in the Bible about the importance of laboring:

- “Six days you shall labor and do all your work” (Ex. 20:9).
- Pr. 13:11 — Labor to gain wealth.
- Prov. 14:23 — There is profit in labor.
- Pr. 13:4 — The diligent will be made rich.

Labor is the title deed to property (both external and internal).

### **Inventiveness**

When there is liberty for men to benefit from the fruit of their labor (opportunities and incentives increase when men are free), then men will invent more, produce more, exchange more, and use new products.

Liberty in America led to an avalanche of new inventions, discoveries, and advances that benefitted all men. Patent and copyright laws helped propel the many new inventions. These laws were based upon the principle of property because the product of man’s brain is property as well as the product of his hands. (Property is both external and internal.) Some of those inventions, discoveries, and advances include: Cotton gin, 1793; Bowditch publishes *The . . . Navigator* in 1802; Steamboat, 1807; Erie Canal, 1825; Railroad, 1826; Steam locomotive, 1830; McCormick reaper, 1831; Telegraph, 1832 (first line in 1844); Deere plow, 1833; Goodyear vulcanized rubber, 1839; Matthew Maury charts ocean currents, 1842; Safety pin, 1849; Sewing machine, 1846; Transatlantic cable, 1858; Transcontinental telegraph line, 1861; Transcontinental railroad line, 1869; others include: electric light, telephone, phonograph, mass

produced automobile, airplane, television, computer. There were advances in many other fields as well, including medicine, business,<sup>12</sup> and the social arena (e.g., the end of slavery, women's rights).

Why was there a proliferation of inventions in America just after her independence and establishment as a free republic? Why at this point in history, considering man had been going along for millennia with little progress? Why in America more so than anywhere else?

**Freedom and the ability to benefit from one's labor caused the United States of America to be the most inventive, progressive, and prosperous nation in history.** America is still the most prosperous and inventive nation, but other nations are catching up. Why? One reason is that many nations have followed America's example and have become freer, thus enabling growth. In addition, the influence of Christianity has been increasing in many of these nations. Also, America has become more socialistic — falling back on the old world ideas — and thus not able to outpace others in progress. Had we continued to advance in liberty, we would be far ahead instead of just a little ahead.

## **6. Productivity increases as we work in union with others who exercise their unique gifts and skills.**

We have need of one another. We are all part of the body (to use Paul's expression in 1 Corinthians 12), with different skills, abilities, and callings. As everyone performs their unique function, the whole will benefit. This is true for the body of Christ, but it is also true of mankind in general, especially in regards to the production and distribution of needed goods and services.

### **Can any one person make a pencil?**

Consider the complexity of making a simple pencil. To accomplish this seemingly simple task, one would need to have knowledge of metallurgy, mining, making tin, making rubber (finding rubber trees, extracting and processing sap to make rubber), preparing wood, and then the ability to carry out the process. He would need to be able to transport the rubber from the jungles and ore from mines. In addition, he would need knowledge of making paint and building a machine to put the parts together.

It is doubtful any one person could make a pencil, but if anyone could, few people could afford to buy it. We need others even to make something as simple as a pencil. Just think of all the other items we use all the time!

## **Christian Union**

Working in union with others is known as **division and specialization of labor**. The concept of union includes working together to produce goods, like mass production of pencils or the Ford Model T, but also includes the concept

of voluntary associations to accomplish God-given purposes in all areas of life.

Voluntary associations spring up where people are self-governed, free, and understand Christian union. These have formed the foundation of the social, spiritual, and economic life of America.

A Christian nation will have self-governed individuals who voluntarily work together with others to fulfill their God-given purpose in life. They will form many voluntary associations to carry on the diverse work in which they are to be engaged. This includes organizations to meet social needs, economic needs, governmental needs, protection of property, growth in Christ, etc. Some examples follow.

#### **Spiritual needs**

- Churches, Christian educational organizations, Retreat centers

#### **Social needs**

- Propagating Gospel, Providing for the poor, Educating all people, Standing up for rights of citizens, Starting schools and colleges, Parent-teachers associations, Ladies aids, Various benevolent societies (like Kiwanis, Lions), Various educational organizations (DAR, historical societies)

#### **Economic needs**

- Free market at large is voluntary association, Businesses and corporations, Building and loans, Mutual banks, Farmers' co-operatives, Labor unions, Chambers of commerce, Workers' associations in myriad fields

#### **Rest and Leisure needs**

- Country clubs, Sports organizations, Music associations

#### **Protection of inalienable rights**

- Neighborhood watch associations, Home owners associations, Civil rights groups

American industry and commerce are organized on the basis of free, mutual cooperation. From the largest businesses (General Electric, General Motors, oil companies, communications companies) to the smallest stores with one clerk, "all were created and are maintained by the free will of persons working together for some common purpose, voluntarily accepting some authority which is not and cannot be enforced upon a single one of them."<sup>13</sup>

Voluntary associations are a key fabric of American life — self-governed people in Christian union (forming schools, home-school co-ops, organizations for everything). Myriads of these organizations sprang up in America after we gained our freedom. The French political philosopher, Alexis De

Tocqueville, wrote of the uniqueness and great contribution of these voluntary associations in the advancement of early America in his book, *Democracy in America*.

Productivity is increased by cooperative efforts, by division and specialization of labor. Christian unions advance the economy, but also meet the needs of citizens in ways the government can never do.

### **Dominion through Christian Union**

It is through the economy that we are to primarily take dominion over the earth. We need the help, skills, and talents of many people to take dominion, even many who are not Christians. But it is only through the economy and business that we can enlist others in this, though they will not understand the higher purpose of dominion. Others will cooperate with us (lending their time, talent, and capital) because they will benefit in the free market as we all cooperate together. (I may produce a good or service they need to effectively carry out their business, and vice versa. We need one another.)

### **Mass Production**

There is scarcity in the world of many necessary things. Even though food and other items we use regularly are renewable, much labor is needed to continually get these. Scarcity adds value to items. Some things are generally not scarce, such as air and water (though lack of good water has been and can be a great problem).

Scarcity in the world promotes voluntary cooperation among people, for we need one another to most effectively meet our needs. To obtain scarce items much labor (physical and mental) is required. No one man can do it all.

Large-scale mass production has brought prosperity and an improved life style throughout the world. Aspects of mass production began in the late middle ages (for example, the printing press allowed the flow of truth to many people), but the great growth of productivity began with the industrial revolution in England and America, beginning in the late 1700s and early 1800s (with large-scale textile production made possible by various inventions, such as the cotton gin, weaves, spinning jennys; with increased agricultural output using new inventions like the McCormick reaper; and mass production of pens, nails, and many other items).

Great fortunes come from great productivity, which requires a combination of low prices (to allow many people to buy items), high wages (to get the best skilled and productive laborers), and high profits (which come when quality goods are made at low prices).

Socialism says wealth comes as people are exploited. This is a myth. (A few people may get rich by exploiting others, but this cannot be sustained, nor

bring wealth to a nation at large.) The most productive workers, who create the best products, are attracted by the highest wages. This is the incentive of benefiting from the fruit of your labor. Enslaved workers are not productive, nor have an incentive to do good work.

The mass production of Cyrus McCormick, Henry Ford, and others brought increased wealth to everyone. The wages of laborers increased and the cost of items decreased so that the average person could afford these mass produced items. The founders and owners of these companies often greatly prospered as well, but this is only fitting for they not only originated the company that brought jobs and prosperity to many others, but they also took the greatest risks and labored greatly.

Henry Ford sold his mass produced Model T automobiles for \$900. Other manufacturers sold their cars for \$1500. As more and more people bought the Model T, Ford increased wages to \$5 per day, the highest wages paid to anyone in manufacturing. He introduced a profit-sharing plan with his employees that brought more wealth — since they had ownership in the company they worked harder and sought to produce a better product. Ford cut the prices of his Model T many times, even during times of economic crises, which caused his market share to increase from 10% in 1914 to 60% in the early 1920s, with shares of other auto makers declining. He also benefitted, becoming a billionaire by the late 1920s.

Mass production diminishes scarcity because it leads to price competition, allowing the producer to draw upon the vast middle class and its growing wealth. There are many more middle class buyers than wealthy. There are not enough wealthy people to buy all the items that are needed for mass production to be profitable. When a producer can reach into the middle and lower classes, the market size increases dramatically. In other words, I can stay in business by selling flat screen televisions for a profit margin of \$50 per TV if I sell millions of them. But if I only sell thousands, I must have a much higher profit margin, so high, in fact, that most people could not afford it.

Grocers have a very small mark-up on their prices. One reason the mark up price of food is so low is because the supply is large (and can be increased at any time, though it takes a little while to get items into production) and because the demand is great, and of necessity will remain high and naturally increase as the population naturally increases (at least the demand remains high for all the basic items).

**The free market promotes means of mass production. These include:**

**1. Development of interchangeable parts** — interchangeable parts are necessary for mass production. They also enable machines to have a longer life span. Interchangeable parts were first used for weapons. They were used

for the cotton gin, the McCormick reaper, in cars, and today are used in just about everything produced that has workable parts. It is with the more expensive items that we usually have parts replaced (cars, computers, equipment, machines, appliances) since with cheaper ones, it costs less to buy new products (like DVD players, phones).

**2. Development of banks and other techniques for accumulating wealth** — to allow people to borrow money to start up new businesses or find new raw materials or find better ways to find and process these raw materials.

**3. Better ways of using raw materials** — finding, extracting, and processing them more efficiently; using new ideas to better use the natural resources God gave us.

Christianity provided the character, ideas, and environment for the free market to blossom. Thus, it was in Christian nations that productivity and prosperity increased.

While scarcity is a curse upon man and the earth, it can turn out to be a blessing as men work together voluntarily to produce much. As man has applied God's laws in the earth, he has overcome scarcity and seen increased prosperity. We have a greater abundance of food, clothes, and material things than past generations due to the advancement of Christian ideas in the earth. Biblical capitalism has in many ways overcome the curse of sweat and the curse of weeds that has affected man since the Fall.

## **7. The free market encourages men to serve the wants and the desires of their fellow man, voluntarily.**

A voluntary working together of all peoples and regions of a nation will encourage economic growth. This would prohibit any tariff barriers within a nation and create a nationwide "common market." This would allow each person in each region or district of a nation to do what he could do best (and working with the natural resources in his locality), and exchange it for the production of others, using honest money as the medium of exchange. Each person is free to sell or not to sell at whatever price they want to offer, but they cannot force anyone to buy. Exchange of goods and services is voluntary and will occur as all involved believe they benefit from the exchange.

The prices of goods and services will be determined by "supply and demand." In a free market the supply of goods and services will balance out the demand for those goods and services at a price buyers are willing to pay, and sellers are willing to accept. The greater the supply of any particular kind of good or service, the more the price will tend to decrease. The greater the demand for any kind of good or service, the more the price will tend to increase.

The free market is based upon the idea that men are to be free under God to pursue their calling and provide for themselves and their families. As they do this, they will produce goods and services that they should be able to freely offer to others at a price of their choosing.

The free market by its nature encourages men “to serve the wants and the desires of their fellow man, voluntarily.”<sup>14</sup> Though man is sinful and tends to live a self-interested life, it is in his best self-interest to provide to others in the marketplace the best goods and services at the cheapest price. At the end of free market transactions, both parties say “thank you.”

This is not the case in government regulated economies where men must buy and sell at fixed prices, if they buy and sell at all. If a producer is forced to sell at a government fixed price which does not allow him to sustain his business, he will only sell reluctantly, and eventually will stop producing. If the price of an item is high because of government controls, people will not purchase it, or if it is essential, only reluctantly, and that without a “thank you.” The government setting prices, wages, or production only results in fewer goods and services and/or increasing prices. There have been many examples of this in socialist and communist countries in the Twentieth Century. But this has also occurred in capitalist countries that have implemented various controls, subsidies, and regulations. For example, recent ethanol subsidies led to higher prices of corn food products, which has been a great burden on many low income workers whose main food staples were tortillas and other corn products.

Free voluntary exchange is only possible where a nation has just and Godly laws and the people are self-governed under this law. Honest enterprise is needed for the free market to work well — just weights and honest scales are needed. “A false balance is an abomination to the Lord, but a just weight is His delight” (Prov. 11:1).

### **8. Labor and rest are needed to gain profit, wealth, and enjoyment in life.**

The Bible teaches that if you don’t work, you don’t eat (2 Thess. 3:10b). The Fourth Commandment says you are to remember the Sabbath, and “Six days you shall labor and do all your work” (Ex. 20:9). Point 5 above presented the importance of laboring and of being able to eat the fruit of your own labor. The profit motive encourages more labor, which produces more wealth (1 Cor. 9:9 ff).

#### **Work**

Work is central to life and fulfilling our purpose in the earth. Remember, we are to work six days, but Godly work is much more than just our 40-50 hour

job from which we make money. Work is “all of our productive daily activities — job, family and relationships, and community involvement — that help bring about the Kingdom of God.” “Work is simply all human activity that sustains and improves the world.”<sup>15</sup> This includes my job, raising my family, ministry work, tending my lawn, etc.<sup>16</sup>

### **Rest**

The Creation order, where God rested on the seventh day, and the command to observe the Sabbath and rest in God, reveal the importance of rest. Balanced Godly labor comes out of our rest in God. We need rest for our bodies, souls, and spirits. The principle of rest applies to all of God’s creation — man, animals, land, etc. Rest is so important that about one-third of our life is spent sleeping, plus one out of seven days is to be spent resting during our waking hours. In addition, there are times for rejoicing before the Lord each year (spiritual vacations) and Sabbatical times of rest.

To rest in our vocation — that is, not let our whole lives and all our time be consumed by our vocational work — we must understand what is important and essential for us to do in our calling, prioritize our actions, not do that which is unimportant (or minimally important), and be able to say no to the many demands that may press upon us. C.S. Lewis said that only lazy people work hard, in the sense of trying to do all things for many people, and not giving yourself to that which is most important.

There is a balance of diligent work and proper rest. Scientists and inventors who contributed in a significant measure were usually great laborers; for example, Pierre and Marie Curie worked years extracting a minute amount of radium. Hard work is essential to accomplish much, but a balanced life is important for greatest productivity.

Many significant ministers were indefatigable laborers — like John Wesley, George Whitefield, Patrick of Ireland. But some burnt themselves out, and thus missed opportunities to be even more productive over the long term. Some neglected familial duties with corresponding negative effects, for example, Samuel (1 Samuel 8).

How does one order his life to keep proper priorities? Schedule in times for the most important responsibilities of work, where work includes all kingdom responsibilities: to wife, family, society, church, leisure, time with God, in study; plus, of course, the most important aspects of your vocation. Do not let good things push out those that are more important. Rest must be a part of our regular scheduled time.

Rest is needed for many reasons: 1) It enables us to be more productive in our six days of work. 2) As we carry on our work, we come from a place of rest in God’s work in life. We learn to rely upon Him and trust in Him. 3) We learn

that life will carry on without us, and that we should not take ourselves too seriously. The Sabbath is primarily a day of rest. We remove ourselves from activities of our occupation once per week.

Rest must be given to our employees to assure we do not see them as slaves or merely workers for a big cause (even if the work is for God). Sabbath rest applies to animals and the land as well as people. Pagan men will try to put aside God's truth and order, but with bad consequences. The French revolutionaries attempted to set up a 10-day work week thinking they would get more production from the citizens, but this failed for it violated God's creation order.

### **9. Wealth is transferred and accumulated through inheritance.**

“A good man leaveth an inheritance to his children's children: and the wealth of the sinner is laid up for the just” (Prov. 13:22). Parents are to lay up an inheritance for their children (2 Cor. 12:14). The principle of inheritance governs the transfer of wealth and property from parents to children. The example of inheritance is seen in the Bible by the transfer of property from God to His children.

God created the earth, thus, it all belongs to Him, but he gave the land to Adam (man). When Adam rebelled against God, then he forfeited the land to Satan, who then took possession of it like a squatter takes possession of land not governed by the owner. Adam was disinherited as a son, and thus lost his inheritance. Satan, the squatter, held possession until the rightful heir came for His property. Christ came, took possession of what was His, and then restored the inheritance of the earth to His people — we have become heirs of all things, which includes the earth.

The parable of the absentee landlord gives a picture of God's original ownership, the failure of mankind (and the nation of Israel in particular) to recognize His ownership (persecuting God's stewards and killing His Son), the return of the Heir to take possession of what was His, and finally of the Heir taking the Kingdom from those who had not been good stewards and giving it to the Son's new covenant children (the church) (see Matt. 21:33-43). Thus, Christ's people have inherited the Kingdom which includes the whole world.

Jesus announced that the year of jubilee was fulfilled this day — the day He reclaimed what was His (Luke 4:19-21; Isa. 61; Lev. 25). In the year of jubilee the land was to be returned to its rightful owners. Christ was announcing that the kingdom (including the land — the whole earth) was being returned to God, the rightful owner. Yet His followers are His heirs. We are His mother and brothers (Matt. 12:49), and thus the lawful ones to inherit the Kingdom.

At the first, Adam was to assume ownership through hard work, good management, and faithfulness to God — by taking Godly dominion. This is how we (all Christians corporately) collect our lawful inheritance as a whole (the earth), but it is also how individuals receive the small part of the earth they are to be entrusted with for a time. We are to work hard, be faithful to God, save and build up wealth, and then teach our children to do the same so they can receive an inheritance and manage it in accordance with God’s desire.

The Old Testament inheritance system had the principle that the “rightful heir is the responsible heir.” This is true for passing on an inheritance to our children as well.

Under the Mosaic Law the firstborn son received a double portion. This was because he had the main responsibility to take care of his parents in their old age. Daughters received the inheritance if there were no sons. They received their “inheritance” when they married for they were given a dowry. Her husband had his own parents to take care of, but the son-in-law could become a legitimate heir if he agreed to take care of her parents.

The system of inheritance involved responsibility on behalf of parents and children. All had to have a proper vision of advancing God’s kingdom through their wealth accumulation. They needed to be faithful to God and His laws. Of course, the parents were to teach their children.<sup>17</sup>

**Inheritance taxes are unbiblical.** They destroy the accumulation of wealth and thus the ability to extend God’s kingdom in a greater way in each succeeding generation. They are also a claim by government of ownership of property and wealth. Such taxes increase the power of government. Only government bureaucrats benefit from these taxes. Socialism always benefits government workers, who produce nothing; they only consume.

The building of wealth generationally builds up the power of the family, which is where most power should rest. Inheritance taxes (and other taxes) diminish this power and shift it to the government.

Parents need to give their children wealth, as opposed to riches (see definitions above), so they will have the knowledge and character to add to the wealth and property they inherit. Without wealth, children will lose the riches they inherit. Wealth includes character and skills to manage money, build up capital base, invest wisely, profit in a competitive market, and understand God’s mission and principles.

### **Socialism and Inheritance**

Socialist governments seek to fulfill the duty of families, thus they take the wealth and authority of families to try to do this. Inheritance taxes are rooted in the old statist/socialist ideas seen in Babel and in the Caesar mindset. The state claims to be the owner of all property and, since they are the ones who provide

for citizens as they get older or get sick, then they are the ones who should control the property of the citizens. The reasoning of the socialist is: Children did not produce the wealth, nor will they provide for themselves or the family in the future, so the one that provides (the state) should inherit the family fortune. The socialist promises to take care of everyone if necessary, from womb to tomb, but he will need plenty of money and control of property to do so.

Inheritance is rightfully gained through Godly labor, thrift, and passing on wealth and an inheritance to our children.

### **10. The poor and needy are to be assisted by voluntary Biblical giving.**

The Bible speaks in many places about caring for the poor, but the Bible also explains how we are to truly assist those in need. Merely giving handouts is not God's means of provision for the poor and needy, rather providing gleanings, short-term loans, skill development, and training.<sup>18</sup>

God desires us to give voluntarily. A gift grudgingly given is not one that pleases God; He loves a cheerful giver. For giving to be voluntary it cannot be done by the state, but must be done by individuals, the family, and the private sector. State giving always uses force to take from some people and give to others. The needs of the early church were met by voluntary gifts. As mentioned above, needs are best met by voluntary associations.

As we seek to help those in need, whether our neighbor or those in other countries, it is important to remember: **It is much better for us to sow the seed of liberty than donate the fruit of liberty.** If we teach people how to have liberty, then they will have the foundation necessary to prosper. Without this, there will never be permanent transformation.

## **The Role of Civil Government in the Economy**

Since civil government is the house in which the economy lives, it plays an important role in business, the marketplace, and the economy as a whole. However, from a Biblical perspective its role is very limited.

For a nation's economy to prosper, its civil leaders must understand the above ten principles. In addition, they must have the character and knowledge necessary to promote these tenets, and keep the government from usurping authority from the individual, family, church, business, school, and private sector. The government should perform its limited function to keep the market free and honest. That role includes:

1. See that voluntary contracts are upheld.
2. Punish fraudulent practices.

3. Promote free competition and free trade, via proper rules for the free market and little government control and regulation.
4. Ensure honest weights and measures — that is, have honest money and banking.
5. Honor principles of labor, competitive bidding, free trade.
6. Have minimal taxes, thus, freeing more money for the private sector to invest in business activities.

Civil government only consumes; it does not produce anything. Thus, the amount of money it spends must be kept to a minimum. It does perform the important function of keeping the market safe and fair, and keeping the criminal element out of society. Criminals steal property and try to control aspects of the economy (mafia, union thugs, etc.). Governments are to deal properly and swiftly with outlaws.

### **The state did in Europe what the private sector did in America.**

When the state attempts to do what is outside its jurisdiction or over regulates, the result is bad or at best, less productive than if the same thing were done by the private sector. Comparing early America with Europe provides many insightful examples.

What governments did in Europe, the private sector did in America, and that much more effectively. DeTocqueville wrote how America assisted the poor and established voluntary associations for every imaginable function, meeting needs much better than in Europe. In Europe the state controlled the development of the telegraph, in America the private sector did so. Comparing the growth of the telegraph in the U.S.A. and Europe shows the superiority of free market system. In 1846, two years after Samuel F. B. Morse's line from Washington to Baltimore was complete, a New York newspaper wrote:

While England by her government has got with great labor 175 miles of telegraph into operation . . . the United States, with her individual enterprise, has now in successful operation 1269 miles. This is American enterprise.<sup>19</sup>

This different approach to telegraph expansion is one example of contrasting governmental philosophies in the new Christian republic and the old European statist governments. This “American enterprise” is still reflected today in many ways. You can find a huge variety of almost any kind of product and service. The growth of homeschool materials is one example. Americans are still a creative and productive people because they have the freedom to pursue their ideas and to benefit from the fruit of those ideas. However, more government control, regulation, and taxes are stifling creativity and productivity. Businesses are growing in states with less taxes and regulations (many states in the South) and leaving others with high taxes and more controls (like

California and various New England states). Some businesses are going to other nations to escape big government. (The actions of the Congress and Administration of 2009 are moving America toward socialism in leaps and bounds. The outcome will be less productivity and wealth creation, and diminishing liberty.)

## **Socialism Versus Biblical Economics**

Socialism has been one of the great enemies of liberty and of Christianity in the past. It will be one of the greatest threats to Christianity in the Twenty-first Century. Socialism is demonic since it is Satan's attempt to control God's earth.

Socialism can be defined as government control or ownership of property and/or the production of goods and services. Socialist governments claim authority over all property. This is bad enough, but such states' claim of ownership goes much further — they also claim authority over the children in a nation. Thus, the state seeks to educate, provide for, direct and regulate their activities. The state seeks to be the parent.

God created individuals and three divine institutions: family, church, and state. He has given certain authority and responsibilities to each of these. No one institution has absolute authority over any other institution. Today, the State has come to be seen as the all-encompassing authority over men and other institutions. This is socialism. When government bureaucrats (elected or not) act under this belief they are like blind men, who will lead the blind into the ditch (Luke 6:39). To limit the all-powerful state, men must be self-governed under God and His law.

Only God is supreme and can exercise supreme power. No man or institution should ever exercise supreme power. This is especially true for matters of the economy; thus, there should not be a central planning agency over the entire economy (like in communist countries). The flow of authority should be from the bottom up, not the top down. In building the communist party in Russia, Lenin rejected the bottom upwards attempts of the less revolutionary socialists for a top down approach. He said, "My idea . . . is 'bureaucratic' in the sense that the Party is built from the top downwards."<sup>20</sup>

In recent decades, China's economy has been growing. One reason is that they have gradually been moving away from central control of the economy and embracing free market ideas. At the same time, most western nations' economies have been flat or growing slowly. This is partly due to turning aside from free market ideas and embracing socialist ideas, with more government control, regulations, higher taxes, etc. — i.e. more top down authority.

**Socialism is a religion that assumes:<sup>21</sup>**

1. All property belongs to society, that is, the state.
2. There should be no private property.
3. Men will work as hard for society in general as they would for themselves and their family.

These ideas have been shown not to work every time they have been attempted throughout history, even among Christians. But socialist adherents still press on to impose this philosophy upon nations, even though it will bring stagnation and loss of liberty. Why? Because it is a religion to them.

Socialists have certain views about God, man, and law which are rooted in their faith, or fundamental presuppositions of life. They think the socialistic means of ownership and production will change the nature of man, will bring a utopia to earth. This is what people in communist U.S.S.R. were taught. They had not experienced a utopia yet, but they just needed more time to get rid of the left-over influence of free and private enterprise, and then it would come. These people were blinded by this false religion.

Productivity declines in a socialist state. Why? One reason is that there will be no individual incentive to produce, since individuals do not benefit directly from the fruit of their labor. Another reason is this: when men see that their property is easily confiscated by the state (that will then use it as they think best), then men are going to attempt to gain political power so they can control property. Gaining control of government then becomes more important than being productive in the marketplace. People will exert energy to gain control of government, using whatever means possible to do so, rather than using their energy to give to society needed goods and services. Economic productivity will decline.

Socialism hates a flat tax or small head tax. Graduated taxation is the means of redistribution of wealth. Karl Marx's second plank of his program to destroy capitalism was a highly graduated income tax. Socialist governments seek to control by many means, most especially via taxation. As socialist governments assume more and more authority, they need more and more money to fulfill their ever expanding role in life.

Christian scientist Michael Faraday discovered the dynamo in 1831. This was the foundation for the vast electrical industry of the modern world. In his day, Faraday could not see the immense effects his discovery would have for mankind, but he did understand the nature of socialistic man. When the British Prime Minister Sir Robert Peel visited the Royal Institution and asked Faraday what was the use of his new electrical discovery, Faraday replied: "I know not, but I wager one day your government will tax it."<sup>22</sup>

Socialism and communism are forms of humanism, in that they all adhere to the idea of man as the supreme ruler, where in socialism it is political man.

4. Socialism says the world is naturally productive, but that human laws and institutions stifle man and nature from this natural productivity.

If these laws and institutions could be removed or restructured, then this natural productivity could be released. Socialists think the central state planners must do this. They must either own the means of production (which is communism or socialism) or direct the means of production (fascism or corporate state). In both, there is a central elite body of planners who know what is best for everyone and plan for everyone's life.

These monopolistic central planners are acting like God, knowing what must be done in all areas of business, what the unique skills of each person are, what the wants and desires of each consumer are, etc. They are the agents to transform society; they are the agents of salvation. However, they believe in salvation by force and by man-made laws.

**Socialism claims authority over all property, including children.**

Thus, the socialist state seeks to educate children, provide for them, and direct and regulate their business and activities. The state seeks to be the parent. In order to provide all that God says the family is to provide (including education, retirement, and so on), the state must seek higher and higher taxes. Thus, socialist leaders implement graduated income taxes, inheritance taxes, all kinds of licenses and fees, and more. The state becomes the substitute parent, but also the substitute child, by providing for people when they get old.

A society that rejects God's order for family responsibility will find the state becoming the educator and provider, and thus requiring a "double portion" of the inheritance (like the firstborn), an ever-increasing tax burden, and an ever-increasing control, in order to fulfill its duties.

Socialism is ultimately demonic since it is Satan's attempt to control God's earth. At the Fall, Satan seized Adam's inheritance of the earth. Since Jesus has restored this to man, Satan continues to try to rob man of his inheritance in God. He uses the tool of the state to try to seize the capital of modern man, thus keeping man in bondage. Those who embrace the idea of the State as welfare agent are collaborating with the devil and delaying the advance of God's Kingdom in the earth. They are keeping man from the great blessing of his inheritance in God.

**How do we get rid of socialism?**

1. First, the family must assume its responsibility for the health, education, and welfare of its own.

2. Next, the family and private sector must seek to provide the social and spiritual needs of fellow citizens. This can most effectively be done through various voluntary associations.

3. The family and church must educate the citizens in a Biblical philosophy of life so they will see the harm of setting up a socialistic society. (Remember, education includes Christian character as well as correct thinking. People must be self-governed to reject unbiblical action of the state.)

4. Individuals must elect Biblical men to govern. Such men will understand the limited nature of civil government, and hence will not attempt to have the government act like God. These rulers can gradually end unjust taxes, over-regulation, government welfare programs, state schools, etc.

Government leaders will not be able to implement number 4, until the first 3 steps have begun to be implemented. We can gradually remove the bad as we gradually substitute the good in its place.

### **Practical Things to Help Establish a Biblical Economic System**

We have looked at ten general principles that will help us understand the economy from a Biblical perspective and guide us as we seek to deal with the economic problems facing the nations today. Transformation of the economy begins one person and one family at a time, as we each obey God's economic principles, at home and in our work. Some practical things we can do today to lay the foundation for a prospering and growing economy include:

1. Labor hard unto the Lord, fulfilling all your work responsibilities.
2. Seek the Lord to fulfill your Kingdom work in a Biblical manner.
3. Rest in the Lord.
4. Save, even if only a small amount and start early (to benefit from compound interest). This will enable you to provide for yourself when you are older and to lay up an inheritance.
5. Do not live beyond your means. Do not spend more money than you take in as income.
6. Acquire the knowledge necessary for Biblical wealth.
7. Have the family assume the responsibility for health, education, and welfare of its own.
8. Meet the social and spiritual needs of fellow citizens via the family and by supporting and participating in voluntary associations.
9. Elect men to office who have a Biblical view of economics and government.

\* \* \*

Copies of this booklet can be ordered from the Providence Foundation for \$6.95 each. Use the order form on the last page, visit our website ([www.providencefoundation.com](http://www.providencefoundation.com)), or call 434-978-4535.

## End Notes

1. C.H. MacIntosh, *Notes on Numbers* (New Jersey: Loizeaux Brothers), 1972. Quoted in Tom Rose, *Economics: Principles and Policy From a Christian Perspective*, Mercer, Penn.: American Enterprise Publications, 1996, p. 16.

2. Noah Webster, *An American Dictionary of the English Language*, republished facsimile of original edition (1828), San Francisco: Foundation of American Christian Education, 1980, definition of *economy*.

3. Ibid. Definition of *economist*.

4. Tom Rose, p. 21.

5. For more on money and banking, see *Foundations of Biblical Economics, Business, and the Marketplace* by Stephen McDowell, a Providence Foundation Biblical Worldview University course. See also *Honest Money and Banking*, Providential Perspective Series 3 (available in December 2009).

6. M1 = currency in circulation and bank checking accounts. M2 = M1 plus savings accounts. M3 = M2 plus CDs over \$100,000, institutional money market funds and term repurchase agreements. M3 is no longer reported, which hides the real amount of the money supply.

7. The official inflation rate in the U.S. for recent years has been only about 2-3%, but if it were measured as it has been in the past, it is really 11-12%. See *Honest Money and Banking* for more on inflation.

8. Congress affects the money supply by instructing the treasury to issue CDs (certificates of deposit) or treasury bonds. (It can also open up the presses.) The Federal Reserve Board affects the money supply by setting interest rates. Low rates spark loans, which, with fractional reserve banking, has the effect of expanding the money supply.

“To increase reserves, the Federal Reserve buys U.S. Treasury securities by writing a check drawn on itself. The seller of the Treasury security deposits the check in a bank, increasing the seller’s deposit. The bank, in turn, deposits the Federal Reserve check at its district Federal Reserve bank, thus increasing its reserves” (which then enables the bank to loan more money since only about 20% must be kept on reserve). Anna J. Schwartz, “Money Supply,” *The Concise Encyclopedia of Economics*, [www.econlib.org/library/Enc/MoneySupply.html](http://www.econlib.org/library/Enc/MoneySupply.html).

9. America has prospered so much that today having too much food is posing a problem. Many people are now facing premature death for having too much to eat. This is the first time this has ever occurred in history. Studies have shown that childhood obesity, resulting from eating too much and the wrong kinds of food, will cause a decline in the average life expectancy of Americans in the future, from about 74 years of age down to about 72 in the year 2040. One third of youth in America are obese, and this leads to many health problems (diabetes, heart problems, clogged arteries) that will shorten lives (NBC Nightly News, 12-5-07). This is another example of why we should heed God’s warning to Israel: when you obey Me you will prosper, but when you do prosper, do not forget My law. If we forget and disobey, then problems occur. God speaks of moderation in all things, not letting your appetite become your god, and being a good steward of your body.

10. See *Liberating the Nations* and *Building Godly Nations*, published by the Providence Foundation, for more on Christianity and liberty.

11. *Liberating the Nations*, Chap. 12.

12. For example, Cyrus McCormick’s factory and new business model, John Wanamaker’s new type of department store with high quality goods and lower prices. See McDowell, *Foundations of Biblical Economics, Business, and the Marketplace* and Stephen McDowell, *Building Godly Nations*, Charlottesville: Providence Foundation, 2003, Chap. 1, 14.

13. Henry Grady Weaver, *The Mainspring of Human Progress*, Irvington-on-Hudson, NY: Foundation for Economic Education, 1984, p. 127.

14. Gary North, *Inherit the Earth*, Ft. Worth: Dominion Press, 1987, p. 56.
15. Gregory F. Augustine Pierce, *Of Human Hands, A Reader in the Spirituality of Work*, Chicago: Augsburg and ACTA Publications, 1991, p. 16.
16. See *Building Godly Nations*, Chap. 14 for more on work.
17. Ideas in this section are from North, *Inherit the Earth*.
18. For more on a Biblical view of the poor see George Grant, *In the Shadow of Plenty*, Arlington Heights, Ill.: Christian Liberty Press, pp. 46 ff.
19. Carleton Mabee, *The American Leonardo, A Life of Samuel F.B. Morse*, New York: Alfred A. Knopf, 1943, p. 294.
20. North, 34.
21. Some of the ideas that follow in this section are from North, p. 41 ff.
22. Colin A. Russell, *Michael Faraday, Physics and Faith*, New York: Oxford University Press, 2000, 90.

## Biblical Worldview University

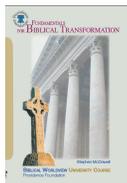
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