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## WHAT ARE THE RULES?

by Gary North

*For this commandment which I command thee this day, it is not hidden from thee, neither is it far off. It is not in heaven, that thou shouldest say, Who shall go up for us to heaven, and bring it unto us, that we may hear it, and do it? Neither is it beyond the sea, that thou shouldest say, Who shall go over the sea for us, and bring it unto us, that we may hear it, and do it? But the word is very nigh unto thee, in thy mouth, and in thy heart, that thou mayest do it (Deut. 30:11-14).*

When God speaks to man, He speaks from His position as the sovereign Creator of the universe. He is transcendent. Yet because man is made in God's image, God can speak to him as a Person who is present with man. He speaks to man as a master speaks to a servant, and man can hear God's voice from within his own spirit. Paul writes to Christians in Rome: "The Spirit itself beareth witness with our spirit, that we are the children of God" (Rom. 8:16). Man's problem is not lack of understanding; it is lack of obedience (Rom. 2:14-15).

God speaks. To speak authoritatively, He must communicate. He communicates in words, sentences, and thoughts. He fully understands Himself. The Spirit of God has exhaustive knowledge of God. Thus, the Spirit communicates the truth of God to creatures. "But as it is written, Eye hath not seen, nor ear heard, neither have entered into the heart of man, the things which God hath prepared for them that love him. But God hath revealed them unto us by his Spirit: for the Spirit searcheth all things, yea, the deep things of God" (1 Cor. 2:9-10).

The reason why there can be such intellectual efforts as creeds, systematic theology, and biblical law books is that God does communicate His Word—His deeply **ethical** Word—to fallen mankind. The hostility of modernists to creeds, systematic theology, and law books is their hostility to the idea that God communicates to man in terms of formulas, summaries, and rational perception. (Some fundamentalists have a similar hostility: "No creed but Christ, no law but love.") The god of the modernists, especially the neo-orthodox, is the god of Immanuel Kant. This god is allowed to speak to man only from the Kantian **noumenal** realm of mystery, feeling, and "encounter." He is not allowed to communicate directly in terms of the Kantian **phenomenal**: rational propositions, creeds, and specific commands.

The Bible tells of a God who communicates a Word so clear that He holds all men responsible for believing and obeying it. He sets forth His requirements in simple propositions and commands. In Old Covenant Israel, He required the people of Israel to meet in Jerusalem each year, and in the seventh year—the sabbatical year of freedom—the law of God was to be read to all residents (Deut. 31:10-13). It was simple enough for even children to understand much of it: "And that their children, which

have not known any thing, may hear, and learn to fear the LORD your God, as long as ye live in the land whither ye go over Jordan to possess it" (Deut. 31:13).

### The Ten Commandments

The Decalogue is a summary of the whole of God's law. It encapsulates the fundamental principles of God's law, so that men might be able to understand the details. The details are revealed in specific case laws, such as Exodus 21-23.<sup>1</sup>

God's law is simple to state in principle. The Ten Commandments are a double covenantal witness: two sets of five laws, with both sets of five structured in terms of the biblical covenant model.<sup>2</sup> Each of the specific case laws of the Bible can be connected to this five-point covenantal model. The Ten Commandments summarize the whole of the law of God.<sup>3</sup>

It was common until the rise of dispensationalism for most Protestant churches to read the Ten Commandments publicly every so often. The reading of the law in the worship service is supposed to remind men of the requirements of the law as a whole, what is commonly called the **moral law**. Churches have correctly assumed that without a constant reminder of the specifics of the law, even the law engraved on the hearts of Christians (Heb. 8:10-13) will fail to bring them under God's discipline. Even redeemed men need constant reminding.

### Boundaries and Courage

In the very section in which God announced His requirements of the reading of the law in the seventh year, He also announced: "Be strong and of a good courage, fear not, nor be afraid of them: for the LORD thy God, he it is that doth go with thee; he will not fail thee, nor forsake thee. And Moses called unto Joshua, and said unto him in the sight of all Israel, Be strong and of a good courage: for thou must go with this people unto the land which the LORD hath sworn unto their fathers to give them; and thou shalt cause them to inherit it" (Deut. 31:6-7).

Joshua was warned again about this need for courage just before he marched across the Jordan River into Canaan:

And they answered Joshua, saying, All that thou commandest us we will do, and whithersoever thou sendest us, we will go. According as we hearkened unto Moses

1. Gary North, *Tools of Dominion: The Case Laws of Exodus* (Tyler, Texas: Institute for Christian Economics, 1989).

2. Gary North, *The Sinai Strategy: Economics and the Ten Commandments* (Tyler, Texas: Institute for Christian Economics, 1986), Preface.

3. R. J. Rushdoony, *The Institutes of Biblical Law* (Nutley, New Jersey: Craig Press, 1973).

in all things, so will we hearken unto thee: only the LORD thy God be with thee, as he was with Moses. Whosoever he be that doth rebel against thy commandment, and will not hearken unto thy words in all that thou commandest him, he shall be put to death: only be strong and of a good courage (Josh. 1:16-18).

Biblical courage is closely associated with a person's faithful performance of the commandments of God. These commandments establish boundaries on men's actions: "Only be thou strong and very courageous, that thou mayest observe to do according to all the law, which Moses my servant commanded thee: turn not from it to the right hand or to the left, that thou mayest prosper whithersoever thou goest" (Josh. 1:7).

This required confidence is a product of faithfulness to the specifics of the law. The man of God is told that God will be with him in his assignments, if only the man is faithful in doing God's work God's way. "Be strong and of a good courage, fear not, nor be afraid of them: for the LORD thy God, he it is that doth go with thee; he will not fail thee, nor forsake thee" (Deut. 31:6). God's sovereign power serves as a cover for man's failures. An obedient man can therefore be courageous and confident.

### Boundaries and Casuistry

If God speaks to men in summaries of His law, then men in authority must do the same to those under their authority. There must be man-made codifications of God's Bible-revealed law. The division of intellectual labor throughout history is to be applied to the covenantal task of working out God's law in history. There must be a systematic linking of the specific requirements of the biblical case laws to the overall plan of any organization. The specifics of these rules must reinforce the general goals of the organization.

In the Bible, we are given the Decalogue, the five-point covenant model, the case laws, and the story of God's plan through the Old Covenant and early church. We are given both the specifics and the particulars. We are provided with written **boundaries** for human action. The Bible is the source of reliable information on the relationship in history between God's covenantal law and His actions in history. It is, in this sense, a handbook of moral action. It reveals what the rules of life are in a universe created by, sustained by, and judged by God.

The creation of such a codification is the ethical art of **casuistry**: applying the general provisions of biblical law to the specific decisions of life. The decision-maker must be guided by his knowledge of the general plan. To help him, he is also given representative specific cases. Casuistry was a prominent aspect of Christian theology prior to the early eighteenth century, but it ceased in Protestant circles with Richard Baxter's *A Christian Directory* (1673) and Samuel Willard's *A Compleat Body of Divinity* (1726). Only with Rushdoony's *Institutes of Biblical Law* (1973) was this ancient art revived.

By neglecting the ethical art of casuistry, Christians turned the world over to covenant-breakers. Eighteenth-century covenant-breakers substituted constitutionalism for biblical casuistry. Today, under the influence of Hegel and modern existentialism, there is little casuistry remaining. The courts are no longer predictable, and there is no widely accepted philosophy of law, except the law of flux: Darwinism.

In other words, there are very few predictable legal boundaries. This has made it difficult for businesses to survive. They must pay too much to lawyers to guess what "the book" of civil law really says. It has led to a legal

revolution, the triumph of administrative law.<sup>4</sup> It has led to the rule of government bureaucracy over private profit management.<sup>5</sup>

### A Model for Business

Christians who have the very law of God engraved in their hearts need guidance in the specific details of life. They need rules and regulations that provide guidelines for God-sanctioned living.

Consider the business enterprise. It is governed by one law above all others, though not instead of all others: **make a profit**. This is correlative to the second rule: **avoid losses**. In short, "Gain the blessings of market competition; avoid the curses."

But this two-fold rule is not sufficient to guide the firm. There has to be a specific goal of the organization. Because of the division of labor, no person and no firm can do everything equally well. Thus, a firm must discover its proper **boundaries** of service. It must, in the words of modern business theory, discover a **niche**. There is scarcity of information in the world; no one can know everything. Therefore, we seek to serve God and mankind in those specialized areas in which our knowledge or our emotional makeup gives us a competitive advantage. We can deliver goods and services to consumers more efficiently (less wastefully) than our competitors can. Our specific knowledge or courage gives us this competitive edge.

There are limits on human knowledge. This is the reason why large firms must continually find ways to decentralize their operations. There is no way that central management can possess the knowledge of specific operations comparable to that possessed by local subdivisions. There must be a constant entrepreneurial search for better ways of co-ordinating the general knowledge possessed by central management with the specific knowledge possessed by the branches. By co-ordination, I mean both market facts and market vision, positive incentives and discipline. Each economic actor must speak a word of knowledge and a word of motivation; he must "package" his spoken words effectively. The voice of autonomy is the voice of impotence in any organization.

### McDonald's

"If you've seen one McDonald's, you've seen them all." This contemptuous observation describes what in fact is the heart, mind, and soul of one of the most successful businesses in history. McDonald's is by far the most successful firm in its field, fast-food restaurants. McDonald's literally changed the eating habits of the nation. It did this in less than one generation.

It does not matter where you are in the world; if you walk into a McDonald's, you know what you are going to be able to buy. The menus will be just about the same anywhere in the world, except in Austria, where you can buy a large paper cup of beer. (I'd love to have a poster of Ronald McDonald with a large cup of suds!) You know what your order will look like and taste like. You can also make a good estimate of what it will cost, compared to other restaurants in the area. Preparation and delivery will be easily predictable, i.e., rapid. Complete your order, and you will have it ready in an average time of 60 seconds. You will be waited on by a teenage girl, who will take your money and smile.

If you come back four months later, you will not see that girl. McDonald's experiences about a 300% turnover

4. Harold J. Berman, *Law and Revolution: The Formation of the Western Legal Tradition* (Cambridge, Massachusetts: Harvard University Press, 1983), pp. 33-41.

5. Ludwig von Mises, *Bureaucracy* (London: Hodge, 1944).

rate per annum. Its employees stay about four months and then leave. Despite this, each local business is predictable, year after year. This is the amazing fact of business life at McDonald's. **The system runs the business.** This system's operations conform to the story of the origin of the British Navy: a system designed by geniuses to be run by morons.

### From Salesman to Revolutionary

Ray Kroc sold Multimixers from the late 1930's until the early 1950's. These were ice cream milkshake mixers. They would mix up to five milkshakes at a time. He once sold a unit to a man named Willard Marriott, who ran a root beer stand. (In the army, he was in the same company as a "strange duck" of a guy who sat around drawing pictures, a fellow named Disney.) But then Kroc heard about a drive-in hamburger stand in the desert town of San Bernardino, California, that had purchased eight of his machines. That meant they needed to produce 40 milkshakes at a time. What kind of hamburger stand had that kind of business? So he flew out to California to find out in 1954.

A pair of brothers named McDonald owned the drive-in. The crowds were amazing during the lunch hour. What was the secret? A 15-cent hamburger (cheese an extra 4 cents), a 20-cent milkshake, good french fries, and fast service. (With consumer prices in the U.S. today generally at about four times what they were in 1954, we find that McDonald's hamburger prices are higher today, but today's hamburgers are much larger and fancier. McDonald's still sells a stripped-down hamburger in the same comparative price range of 1954. Real estate prices in most areas are far higher than four times what they were in San Bernardino in 1954, and interest rates are much higher.)

Everything was neat and clean. The employees wore simple uniforms. Kroc later wrote: "I was fascinated by the simplicity and effectiveness of the system they described that night. Each step in producing the limited menu was stripped down to its essence and accomplished with a minimum of effort."<sup>6</sup>

It was the system that was the key. Kroc bought the right to franchise the system from the brothers. With that decision, a business was born. But more than this: **a revolution in business operations was born.**

The franchise is the means by which information is transmitted to those who choose to use it for the sake of customers. The information is the key to success. Without adequately tested information which is then packaged in such a way as to be applicable by those employees who will be required to implement it, the business cannot work with maximum efficiency. Most businesses fail: something like 80% of those begun are gone within five years. About 80% of the survivors will fail during the next five years. But not franchises. The vast majority of them survive. The difference is the quality of the information: facts and implementation.

Kroc's description of his early experiences is representative of the franchise strategy:

I work from the part to the whole, and I don't move on to the large scale ideas until I have perfected the small details. To me this is a much more flexible approach. . . . So, at the risk of sounding simplistic, I emphasize the importance of details. You must perfect every fundamental of your business if you expect it to perform well.<sup>7</sup>

### The Operations Manual

The operations manual is the heart of the modern fran-

chise. Very little is left to chance. Everything is written down. Every step in every segment of the business is tested again and again. The rules of the business are found in the operations manual. At McDonald's, you do it by the book. And the book works.

The McDonald's business manual is legendary. In the comedy film, "Coming to America," Eddie Murphy gets a job at a fast-food restaurant called McDowell's. McDowell's has a big yellow M in front of it. The owner chases away some representative of McDonald's who is threatening legal action. In one scene, scripted by someone who obviously knew the McDonald's business, Murphy barges into the owner's office. The owner is reading a McDonald's operations manual, which he slams shut and furtively pushes out of sight. Clearly, he had stolen it. He had stolen the right thing.

The operations manual is geared to the abilities of the lowest common denominator employee. McDonald's is an entry-level employer. Teenagers get their first experience in the work force in an organization like McDonald's. The franchise fulfills a crucially important social function in society by creating an opportunity for new workers to become productive. It teaches them the rudiments of profitable service.

### Extraordinary Performance

The goal of the operations manual, in the words of Michael Gerber, is to empower ordinary people to perform extraordinary service. To do this, the business designer must find an answer to this crucial question: "How can I create a business whose results are *systems*-dependent rather than *people*-dependent?" Gerber's analysis is illuminating:

This is not to say that people are unimportant. Quite the contrary. People make it possible for things that are *designed* to work to produce the intended results. And, in the process, they learn how to more effectively make things work for themselves and for your business.

It's been said, and I believe it to be true, that great businesses are not built by extraordinary people but by ordinary people doing extraordinary things. But for ordinary people to do extraordinary things a system—a "way of doing things"—is needed to compensate for the disparity between the skills your people have and the skills needed to produce the result.<sup>8</sup>

It is a mistake, he says, to design a business to be operated by the highest quality people. It is too expensive to hire and keep the best people. Furthermore, the best people are too creative to be the bedrock of a stable business. "It is literally *impossible* to produce a consistent result in a business that is created around the need for extraordinary people." The goal, then, is "to find a system that leverages your ordinary people to the point where they can produce extraordinary results."<sup>9</sup>

This is the business application of a fundamental biblical principle, one which has sustained the Church for almost two millennia:

For ye see your calling, brethren, how that not many wise men after the flesh, not many mighty, not many noble, are called: But God hath chosen the foolish things of the world to confound the wise; and God hath chosen the weak things of the world to confound the things which are mighty; And base things of the world, and things which are despised, hath God chosen, yea, and things which are not, to bring to nought things that are: That no flesh should glory in his presence (I Cor. 1:26-29).

To accomplish this goal of empowering ordinary people,

6. Ray Kroc, *Grinding It Out: The Making of McDonald's* (New York: Berkeley, 1977), p. 9.

7. *Ibid.*, p. 101.

8. Michael Gerber, *The E-Myth: Why Most Businesses Don't Work and What To Do About It* (Cambridge, Massachusetts: Ballinger, 1986), p. 60.

9. *Ibid.*, p. 61.

God provided the ultimate operations manual: the Bible.

### Strategies

The successful business, writes Gerber, should be designed as though it will become a franchise, even if the owner has no intention of franchising the concept. A franchise can survive only if its operations are broken down into manageable, predictable parts. By examining any business plan from this perspective, the owner can create a business that allows him the freedom to do what he wants with his life, not run a business. "The system runs the business. The people run the system."<sup>10</sup> And the goal must be the same for every profit-seeking business: **to find and keep customers.**<sup>11</sup> The goal is service.

The problem we all face is that we are under limits—boundaries, if you will: time, capital, knowledge, strength. The question is: How can I mobilize others to provide those things that I lack in order to achieve my goals? The answer is service to others. They provide me with the capital, if I meet their needs. Their demand enables me to spread my message, increase my influence, increase my capital, and build an organization that will survive my demise. If I meet their desires at a price they are willing to pay, I can achieve far more of my goals. Gerber says:

The point is: *your business is not your life.* Your business and your life are totally separate things. Your business is something running apart from you, with its own needs, its own rules, and its own purposes.<sup>12</sup>

By designing a structure that permits many people to serve far more people, the businessman achieves his goals. He allows others to achieve their goals through his system. But to create this system, he needs strategies. Gerber identifies them: strategic objective, organizational strategy, management strategy, people strategy, and systems strategy. This is a process of goal-setting.

**Strategic objective.** First, ask yourself: How much money should your business eventually produce for you? How large is your vision? At the beginning, any standard is better than no standards. Second, what is the opportunity worth pursuing? Identify the kind of business and the customer. In short, **what is my business niche?**

**Organizational strategy.** Write down the primary aim. Then start gathering data: demographics, territory, competition, market in general. Then develop an organizational chart, with each job identified, the chain of command specified, and someone in each slot, even if you are the only person in all of them. "The work is the same. Only the faces change." Then write a position contract.

A Position Contract is *not* a job description. It is a contract between the company and an employee, a summary of the rules of the game. It provides each person in an organization with a sense of commitment and accountability. Accountability literally means "stand up and be counted." The Position Contract is the document that identifies who's to stand up and what they're being counted on to produce.<sup>13</sup>

10. *Ibid.*, p. 55.

11. *Ibid.*, p. 58.

12. *Ibid.*, p. 58.

13. *Ibid.*, p. 102.

You start, Gerber says, not at the top but at the bottom. As owner, you structure the business in terms of what is to be performed by employees. You design the tactical work in the organizational strategy. You create a **franchise prototype**. Describe the jobs before hiring the people.

**Management strategy.** This is the overall system. It should strive for something resembling an automatic pilot. This is a marketing tool. It creates the efficient integrated system that meets the needs of the consumer every time. This, in the philosopher's language, is the integration of the one and the many.

**People strategy.** To get people to do what you want, Gerber says, you must design a system in which doing whatever it is becomes more important to employees than not doing it. To do this, the owner must take the employee seriously. The employee must identify with the boss' vision. The owner must make certain that the employee understands why he is being asked to do something, how he fits into the overall system.

People—your people—do not simply want to work for exciting people. They want to work for people who have created a clearly defined structure for acting in the world. A structure through which they can test themselves and be tested.<sup>14</sup>

This final goal is point four of the covenant model: sanctions. It involves evaluation by oneself and by others. But this goal is accomplished in terms of the specified standards and through one's understanding of, and obedience to, the operations manual.

**Marketing strategy.** Recognize that the decision to buy or sell is made very rapidly by the potential consumer. A television commercial must communicate within three seconds. A print ad must sell by means of the headline alone. A sales presentation is made or lost within three minutes.<sup>15</sup> Thus, the seller must know who the customer is and why he buys.

**Systems strategy.** This is the sales system. It must be mandatory to become effective. This may involve scripting of sales presentations, memorization of the script, or whatever. It involves setting up appointments, the presentation of needs, and offering solutions. There must be information systems (point four of the covenant). This is the level of cost-benefit analysis. Not many businesses make such studies.

### Conclusion

People need vision. They also need direction. This is what most businesses have neglected. The franchise revolution has begun to overcome this by forcing businesses to spell out what it is that the business is trying to do, establish corporate performance criteria, and design systems in which the employees work individually in ways that advance the goals of the organization.

Without rules, there is no reasonable hope of success. Without known and honored boundaries, we are tempted, in the words of Canadian humorist and economist Stephen Leacock, to ride off in all directions. We are creatures, and we need boundaries in order to function effectively. The business that recognizes this early is far more likely to prosper.

14. *Ibid.*, p. 122.

15. *Ibid.*, p. 135; citing John Caples, *Tested Advertising Methods* (Englewood Cliffs, New Jersey: Prentice-Hall, 1974).

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