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THE COVENANTAL WEALTH OF NATIONS

by Gary North

Blessed shall be the fruit of thy body, and the fruit of thy ground, and the fruit of thy cattle, the increase of thy kine, and the flocks of thy sheep. Blessed shall be thy basket and thy store. . . . The LORD shall command the blessing upon thee in thy storehouses, and in all that thou settest thine hand unto; and he shall bless thee in the land which the LORD thy God giveth thee. . . . And the LORD shall make thee plenteous in goods, in the fruit of thy body, and in the fruit of thy cattle, and in the fruit of thy ground, in the land which the LORD swore unto thy fathers to give thee (Deut. 28:4-5, 8, 11).

The previous passage cited a long list of curses. We now come to a passage devoted entirely to God's sanctions in history. The theocentric focus of this passage is God as the sanctions-bringer. In response to Israel's covenantal obedience (Deut. 28:1-2), God promised to bring blessings on the nation. These blessings would include wealth. Deuteronomy 28 is a recapitulation of Leviticus 26. It announces dual sanctions: blessing and cursing. The chapter begins with blessing; it ends with cursing. The section on cursing is much longer than the section on blessing.

This was not a land law. The entire passage is not a land law. Modern commentators who reject theonomy regard this passage as a land law, although they may use some other term to describe it. They do not acknowledge that these threatened corporate sanctions carry into the New Covenant. They are incorrect. These sanctions are historical. They are predictable. Covenantal rebellion by a society will lead to God's imposition of these sanctions. This is why this passage and Leviticus 26 are among the most important in the Bible – I believe **the** most important – for the creation of an explicitly biblical social theory.

These promises related to measurable quantities – “increase,” “plenteous” – of specific goods: cattle, kine, sheep. “Increase” here referred to storage implements: basket, storehouses. The **numerical objectivity** of these reference points is crucial for this passage. These were not inward blessings. The fulfillment of these covenantal promises, Moses told the nation, will be visible to the Israelites and their enemies alike. They will serve as evidence of God's sovereignty over history through the predictability of His covenant relationships.

Visible Testimony Under the Mosaic Covenant

The blessings and cursings of God under the Mosaic Covenant were sure. They were not disconnected from God's law. There was a bedrock objectivity that united covenant-keepers and

covenant-breakers. That which God regarded as a blessing, He told Israel, all men would regard as a blessing; the same was true of cursing. There was a shared universe of discourse and evaluation. This objectivity was not undermined by subjective evaluations by individuals or groups. The lists in Deuteronomy 28 were based on an agreement among subjective evaluators. **The subjectivism of individual perception would not overcome the objectivity of the corporate sanctions.** The nation would enjoy more.

The idea of national blessings and cursings rests on the existence of objective measures. For men to make such evaluations, numerical measures must apply to the external world. To own a larger number of desirable goods is superior to owning fewer of them. However clever the methodological subjectivist may become, there is no escape from Deuteronomy 28. The objective superiority of **more** is assumed by God. Other things being equal, it is better to be rich and healthy than it is to be poor and sick.

This passage ratifies the legitimacy of individual comparisons of national wealth. An individual may lawfully seek out evidence of superior performance of any society. At the same time, this passage does not ratify the legitimacy of government-funded comparisons of national wealth. The collection of economic or other performance data by the government, except for military-related purposes or other aspects of law enforcement, is illegitimate. To use State coercion to fund data-gathering is a form of illicit numbering. The Mosaic law made it clear that numbering was lawful only in preparation for holy warfare. It was not to be a common activity of the State. Defenders of the central planning State can justify its efficiency only on the basis of its possession of more accurate and more relevant information than the private sector possesses. Statistics becomes a necessary justification for socialism and interventionism. Strip the State of its access to pretended knowledge, and you thereby strip away its aura of omniscience.

The point of Deuteronomy 28 is not that there are objective measures of economic performance that are available to State economic planners. On the contrary, the point of this passage is this: the way to wealth, both individual and corporate, is through systematic adherence to God's Bible-revealed law. Employees of the State are not supposed to search the records of historical data for tax policies or other forms of coercion that lead, statistically speaking, to a greater likelihood of an increase in per capita wealth. Instead, they are to content themselves with the enforcement of God's law in a quest for civil justice. When they are successful in this venture, per capita wealth will increase. **Justice**

produces wealth. Any attempt to discover economic laws of wealth based on a detailed search of detailed economic statistics reverses the Bible's concept of moral cause and economic effect. It places economic causation above moral causation in the advent of the wealth of nations.

Adam Smith understood this; his disciples rarely have. Before he wrote *An Inquiry into the Nature and Causes of the Wealth of Nations* (1776), he wrote *The Theory of Moral Sentiments* (1759). His moderate Deism was a desiccated version of the covenantal Presbyterianism of his Scottish forbears. His contractualism was a man-centered version of their covenantalism. His orderly world of economic causation rested on moral cause and effect in history. The seeming autonomy of his economics from morality, and of his morality from theology, is an illusion. Smith's epistemology moved in the direction of autonomy, no doubt, but his economics was not an exercise in value-free methodology. He recognized that an economy is grounded in moral causation, for society rests on justice. "Society may subsist, though not in the most comfortable state, without beneficence; but the prevalence of injustice must utterly destroy it."¹ Social order is not the product of immoral behavior, however profitable vice may be in the short run. "Vice is always capricious – virtue only is regular and orderly."² Self-interest that is devoid of love of the neighbor cannot build a civilization. "As to love our neighbour as we love ourselves is the great law of Christianity, so it is the great precept of nature that we love ourselves only as we love our neighbour, or, what amounts to the same thing, as our neighbour is capable of loving us."³

Capital and Covenant

Evaluating God's favor to a society by an appeal to numerical measures is valid. But this evaluation must always be governed by the economist's qualification: "other things being equal." The "other things" in this case are ethical. **Ethics comes first.** For most people, it is better for them to be middle class than wealthy. Why? Because of the ethical temptations associated with great wealth. "Remove far from me vanity and lies: give me neither poverty nor riches; feed me with food convenient for me: Lest I be full, and deny thee, and say, Who is the LORD? or lest I be poor, and steal, and take the name of my God in vain" (Prov. 30:8-9). If a person's ethical status could be ensured irrespective of wealth, then more would always be better than less. But it is inherent in the covenantal structure of a fallen world that wealth and ethics are intertwined. Adam Smith understood this: "The virtue of frugality lies in a middle between avarice and profusion, of which the one consists in an excess, the other in a defect, of the proper attention to the objects of self-interest."⁴ He lauded frugality in the name of capital formation, but not frugality to the point of greed. He praised spending by the wealthy as a source of benefit for workers, but not to the point of wasting one's inheritance.

Here is where biblical covenantalism gets tricky. On the one hand, wealth is designed to confirm the national covenant. "But thou shalt remember the LORD thy God: for it is he that giveth thee power to get wealth, that he may establish his covenant which he swore unto thy fathers, as it is this day" (Deut. 8:18). But it can just as easily undermine the covenant: "And thou say in thine heart, My power and the might of mine hand hath gotten me this wealth" (Deut. 8:17). The same numerical sanction – wealth – can become a means of grace or a means of wrath. One's covenantal status determines which effect wealth has. The trouble is, we are not always sure about what our covenantal status is, nor are we sure

what it will become under different economic conditions. This is why the author of the Proverbs prayed for middling wealth. It is safer.

The Tendency Toward the Middle

In genetics, this tendency is called "regression to the mean." It was discovered by Francis Galton, Darwin's cousin.⁵ So far, it has applied to every system we have discovered.⁶ Within any system, there are limits to growth of any component of that system. The system imposes these limits. Then what about wealth and poverty?

God is sovereign over the poor. He raises them up – not all of them, but some of them. "The LORD maketh poor, and maketh rich: he bringeth low, and lifteth up. He raiseth up the poor out of the dust, and lifteth up the beggar from the dunghill, to set them among princes, and to make them inherit the throne of glory: for the pillars of the earth are the LORD'S, and he hath set the world upon them" (1 Sam. 2:7-8). God can intervene in history to break the cycle of poverty as surely as He breaks the cycle of wealth. The question is: Is there a cycle of poverty? Is there a cycle of wealth? Do the rich get richer and the poor get poorer, "other things being equal"?

This is another way of asking: Is God capricious? Does He raise up some and cast down others for no particular reason? Deuteronomy 28 denies this. God has established a structure of economic order. This structure moves most people toward the middle of a bell-shaped curve. Wealth, like weight and height, is always comparative. First, there are not many poor men in a covenant-keeping society. "I have been young, and now am old; yet have I not seen the righteous forsaken, nor his seed begging bread" (Ps. 37:25). Second, there are not many rich men. Capital is hard to earn and harder to retain unless the State intervenes to protect existing holders of capital from new sources of competition. If a State does this, then its national economy eventually falls behind free market societies that refuse to grant such coercive protection to special-interest groups.

If a society is getting richer than its rivals, the poor inside this society may become richer than the middle class in another. Can this lead be maintained indefinitely? Or must a society, like an individual within society, regress to the mean? We begin with a statistical observation: the effects of long-term economic growth are cumulative. A small rate of growth, if compounded, creates huge effects over centuries. A slightly higher rate of growth, if maintained, creates huge disparities of wealth between nations over centuries. But huge disparities of anything within a system are what call forth the counter-effects: regression to the mean. If a nation has a competitive lead, other nations will be tempted to imitate it, assuming that the sources of its advantage become known. There is a great personal economic incentive for outsiders to discover and appropriate these secrets.

Can God's covenantal blessings be maintained indefinitely? To answer this question, we must not appeal to the Old Covenant's category of original sin. The familiar Genesis pattern of creation, Fall, and redemption appeared continually in the Old covenant, but the New Covenant has broken that pattern through the death, resurrection, and ascension of Jesus Christ. The possibility of **sustained confession** and **sustained economic growth** does exist as a theoretical ideal. The history of the West over the last two centuries has demonstrated this possibility with respect to the economy. Men have found the secrets of widespread wealth: individual freedom, enforceable contracts, future-orientation, capital accumulation, and technology. England dis-

1. Adam Smith, *The Theory of Moral Sentiments* (Indianapolis, Indiana: LibertyClassics, 1976), p. 167.

2. *Ibid.*, p. 368.

3. *Ibid.*, p. 72.

4. *Ibid.*, p. 438.

5. Peter L. Bernstein, *Against the Odds: The Remarkable Story of Risk* (New York: Wiley, 1996), p. 167.

6. *Ibid.*, ch. 10. George Gilder believes that it does not apply to the computer chip, which he calls the microcosm. We shall see. It surely applies to the profitability of high-tech manufacturing facilities that produce computer chips.

covered these secrets first. The United States replaced England as an engine of growth early in the twentieth century. Asia seems to be replacing the United States at the end.

A nation is subject to the lure of autonomy: "And thou say in thine heart, My power and the might of mine hand hath gotten me this wealth." It can lose its position of leadership. Historically, every leading nation has. But the New Covenant has overcome original sin in a fundamental way. It has made possible the Mosaic law's ideal of long-term compound growth. It has given man a new eschatology, one which is no longer trapped by the cyclicalism of the pagan world. Linear history – creation, Fall, redemption, final judgment – can be applied to nations and societies. Society is not organic. It does not parallel biology: birth, growth, decline, death. Society is covenantal: confession, obedience/disobedience, sanctions, inheritance/disinheritance.

There is a bell-shaped distribution of wealth within a society because of the predictable outcomes of increased temptations that occur on the far ends of capital's spectrum. At one end, the rich man is tempted to forget God. If he succumbs, he loses his wealth. Or his heirs forget to honor the moral basis of wealth-creation. They dissipate their inheritance. The process of inheritance is geared to righteousness. At the other end of the curve, the poor man who steals is eventually caught and sold into bondage under a successful person. His victim receives payment; he receives training; his buyer receives a stream of labor services. If the servant is successful and buys his way out of bondage, he re-enters society as a disciplined man, and presumably a self-disciplined man. He begins to accumulate wealth.

Can a family maintain its advantage? No more than a society can. Then what about society? Must it regress to the economic mean in the international family of nations? It is possible for a covenantally faithful society to retain its advanced position until such time as: 1) it succumbs to the temptation of autonomy; 2) other nations imitate it and become even more faithful. On the one hand, sin can undermine a society. It can pull it back to the middle of the bell-shaped curve. On the other hand, the gospel can spread, bringing other nations into the growth mode. Both effects have the effect of moving a society into the middle of the curve. The deciding factor here is grace, not statistics.

Then we must ask: Is there an inherent tendency built into New Covenant creation that pulls a nation to the middle of the economic curve? There was in the Old Covenant: the power of original sin. To answer this, we must appeal, not to original sin, but to eschatology. If the gospel spreads to many nations, as the postmillennialist insists that it must, then the move to the middle will manifest itself. Grace is not a national monopoly. On the other hand, pessimillennialists invoke the Old Covenant's pattern of redemption and Fall. They are implicit defenders of a cyclical theory of national development: rise and fall. If they are correct, then grace will be removed from any covenant-keeping nation, and this once-blessed nation will move to the middle or even to the poverty side of the curve. Both eschatological systems declare that there is no permanent national lead possible in God's covenantal history. Nations rise and fall, or else they rise and get overtaken, but none can maintain a permanent lead apart from its continued lead in the area of ethical sanctification – highly unlikely, given men's proclivity to allow wealth to corrupt them through pride (Deut. 8:17).

Visible Testimony Under the New Covenant

The visible outcome of covenant-keeping is external blessing. This theme is basic to the Pentateuch. I argue that it is basic to the entire Bible. My argument is not taken seriously by Christian commentators and Christian social theorists. They argue that there has been a great discontinuity between the Old Covenant and the New Covenant. This discontinuity supposedly has broken the predictability of God's visible responses in history to man's obedience or disobedience. But if there has been a great discontinuity, then what of the evangelism aspect of God's Bible-revealed

law (Deut. 4:5–8)?

Under the Mosaic Covenant, covenant-breakers could see that the outcome of covenant-keeping was superior to other outcomes. This realization was designed by God to call forth the above confession. But Christians today assume that under the New Covenant, this older relationship between obedience and wealth is gone. The covenant-breaker does not make such a confession regarding the wisdom of covenant-keeping, presumably because no such relationship exists, though possibly because he refuses to face the facts. The testimony that God gave to covenant-breakers through Israel under the Old Covenant supposedly no longer exists. The arrival of the New Covenant has supposedly left modern man with less excuse. Under the Old Covenant, foreigners could see that Israel's law-order was superior. Under the New Covenant, they supposedly cannot see this because no nation possesses or can possess any such covenantal law order. Under the Mosaic law, in short, covenant-breakers supposedly possessed greater clarity regarding the blessings of the covenant, and therefore had greater responsibility for rejecting the covenant than they have today. This strange theory of covenantal responsibility is implicitly held by the vast majority of Christians today. We are asked to believe that the New Covenant has left covenant-breaking men with more excuse for their rebellion, for the clearer covenantal categories of the Old Covenant have been superseded by a less clear covenantal order.

I argue that this theory of the regressive covenants is incorrect. There is progress in covenantal history. Things get clearer over time, not more muddled. The death, resurrection, and ascension of Jesus Christ in history have made the Great Commission possible (Matt. 28:18–20). The sending of the Holy Spirit has granted to God's people greater understanding than Old Covenant saints possessed. "Howbeit when he, the Spirit of truth, is come, he will guide you into all truth: for he shall not speak of himself; but whatsoever he shall hear, that shall he speak: and he will shew you things to come" (John 16:13). With greater knowledge comes greater responsibility. With the spread of the gospel across national borders has come a spread of knowledge. There remain differences between the national blessings of God and national cursings. Modern Christian academics assure us that these distinctions no longer exist. This is Meredith G. Kline's position. It is the position of every Christian social theorist who denies the New Covenant applicability of Deuteronomy 28. I contend the opposite: it is not covenant-breakers who are blind to the differences but rather modern Christian academic theorists.

Social Theory

Deuteronomy 28, more than any other passage in the Bible, serves as the basis for the development of a uniquely Christian social theory. If this system of predictable covenantal blessings and cursings was applicable only to the Mosaic era, then there is no possibility of a uniquely Christian social theory. Christians would have to pick and choose among various humanistic theories of social causation. This in fact is what they have been doing since about 1700. Even before then, most Christian social theorists went to the Greeks and Romans before they went to the Mosaic law. After 1700, they all did. There was no distinctly Christian social theory from the demise of casuistry, both Protestant and Roman Catholic, until the 1960's.⁷ It was the simultaneous appearance of the situation ethics movement and the Christian Reconstruction movement that brought casuistry back to Protestant thought.

7. Thomas Wood, *English Casuistical Divinity in the Seventeenth Century* (London: S.P.C.K., 1952). On the decline of Roman Catholic casuistry in 1700, see Albert J. Jonsen and Stephen Toulmin, *The Abuse of Casuistry: A History of Moral Reasoning* (Berkeley: University of California Press, 1988), p. 269.

Meredith G. Kline has attacked Christian Reconstruction in the name of covenantal randomness: "And meanwhile it [the common grace order] must run its course within the uncertainties of the mutually conditioning principles of common grace and common curse, prosperity and adversity being experienced in a manner largely unpredictable because of the inscrutable sovereignty of the divine will that dispenses them in mysterious ways."⁸ But his criticism goes beyond the Christian Reconstruction movement. His broader target is the New Covenant ideal of Christendom. He denies that such an ideal has its roots in the New Covenant. He is not alone in this viewpoint. It is shared by virtually all of modern Protestant Christianity. The debate centers on which humanist ideal should be substituted for Christendom.

In the Protestant West, academically certified evangelicals tend to baptize left-wing Enlightenment social theory, while fundamentalists baptize right-wing Enlightenment social theory. Both groups dismiss as theocratic any judicial system that invokes the Mosaic law as a binding standard for social policy. It is generally considered legitimate to invoke the Ten Commandments, but even here, there is deep suspicion. The first three commandments are considered off limits for civil law; the fourth is considered problematical for civil law; and five through ten are regarded as valid aspects of the civil order only to the extent that they are enforced only as universal statements of a common-ground moral law. Both groups prefer to live under humanism's theocracy rather than the Bible's theocracy. Both groups proclaim, "we're under grace, not law," meaning that both groups baptize the rule of humanistic lawyers. Both proclaim that God rules in history, but only through the tender mercies of covenant-breakers.

Because Kline's theology is opposed to the ideal of Christendom, it is opposed to the ideal of Christian social theory. He offers no social theory. The same is true of his disciples. They have no theory of history. Because they regard the Mosaic law and the civil sanctions that God imposed to defend it as an "intrusion" in the history of the covenant, Kline and his followers can offer no theory of history either before or after the Mosaic era. History is inscrutable for them, and they insist that this is history's fault rather than theirs.

The Covenantal Structure of History

The biblical covenant is an integrated system. It cannot be accurately discussed apart from all five points. Sanctions link law and eschatology. God's sovereignty enforces this link through hierarchy. He is over the creation, yet He acts through the creation. He is different from the creation, yet He is manifested by the creation. The judicial basis of His wrath on covenant-breakers and their works is two-fold: 1) original sin; 2) the fact that the creation reflects God's moral character to all men. "For the wrath of God is revealed from heaven against all ungodliness and unrighteousness of men, who hold the truth in unrighteousness; Because that which may be known of God is manifest in them; for God hath shewed it unto them. For the invisible things of him from the creation of the world are clearly seen, being understood by the things that are made, even his eternal power and Godhead; so that they are without excuse" (Rom. 1:18-20).

The system of historical sanctions described in Deuteronomy 28 is the basis of men's understanding of God's eternal character.

8. Meredith G. Kline, "Comments on an Old-New Error," *Westminster Theological Journal*, XLI (Fall 1978), p. 184.

This system is representational. What happens in history is analogous to what happens in eternity: the extension of God's kingdom. This extension is, first of all, visible in history. Second, it is based on the predictable outcome of covenantal sanctions. The kingdom of God rests on the moral authority of God's law.

Conclusion

Deuteronomy 28 sets forth blessings and cursings. These sanctions are national covenant sanctions. They have not been annulled by the New Covenant. Deuteronomy 28 sets forth the hope of progress in history: obedience brings inheritance; disobedience brings disinheritance. Covenant-keepers will inherit in history if they obey. The decisive issue here is not power; it is obedience.

The objectivity of the blessings in history points to the power of common grace in history. Men who do not worship God nevertheless perceive the benefits of obeying God's law. Men see with their eyes and acknowledge with their tongues that covenant-keeping brings more of the good things in life than covenant-breaking does. **The objectivity of God's historical sanctions testifies to the reality of the objectivity of God's eternal sanctions.** This is as it should be. It brings covenant-breakers under greater condemnation in history and eternity than if there were no predictability and objectivity to God's covenant sanctions in history.

There are two ways of denying the continuing authority of God's system of covenant sanctions in history. First, by denying that the New Covenant's corporate sanctions are continuous with the Old. This denial needs to be proven exegetically, not assumed automatically. Second, by denying that covenant-breaking men will subjectively see and acknowledge the admittedly objective structure of covenantal sanctions in history. But this attributes to covenant-breaking men a degree of continuous commitment to holding down the truth in unrighteousness far greater than their desire for the good life, which can be obtained by conforming to the external requirements of God's law. What we have seen throughout history is that covenant-breakers are repeatedly willing to conform to God's external laws for the sake of gaining the covenant's objective blessings. Admittedly, they would become steadily more consistent with their own atheistic presuppositions if they could do so at zero price. But such consistency has a high price tag: economic stagnation and other unpleasant cursings. Men refuse to pay this price for too long, once they have seen that freedom works, elevating their rivals. When, at the Moscow Olympics in 1980, the Soviet elite saw what Western tourists owned, as well as what shoddy, pathetic goods the Soviet elite enjoyed, Communism's doom was sealed. Eleven years, an exploded nuclear reactor, a bankrupt economy, and a failed war in Afghanistan later, the Soviet Union fell.

Deuteronomy 28 provides the basis of a self-consciously biblical social theory. But Deuteronomy 28 is rejected by modern Christian social theorists. This is why they refuse to provide anything explicitly biblical in the way of social theory. They baptize this or that humanist system. They reject the Pentateuch as a source of either judicial content or formal structure of social theory. "The Bible does not offer economic blueprints," they insist, which is why they are little more than cheerleaders for humanism rather than designers of a new civilization. "We're under grace, not law," they proclaim, which is why they are under humanist politicians, bureaucrats, and lawyers.

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