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*The Journal  
of  
Christian Reconstruction*



Symposium on Christian Economics

# THE JOURNAL OF CHRISTIAN RECONSTRUCTION

This journal is dedicated to the fulfilment of the cultural mandate of Genesis 1:28 and 9:1—to subdue the earth to the glory of God. It is published by the Chalcedon Foundation, an independent Christian educational organization (see inside back cover). The perspective of the journal is that of orthodox Christianity. It affirms the verbal, plenary inspiration of the original manuscripts (autographs) of the Bible and the full divinity and full humanity of Jesus Christ—two natures in union (but without intermixture) in one person.

The editors are convinced that the Christian world is in need of a serious publication that bridges the gap between the newsletter-magazine and the scholarly academic journal. The editors are committed to Christian scholarship, but the journal is aimed at intelligent laymen, working pastors, and others who are interested in the reconstruction of all spheres of human existence in terms of the standards of the Old and New Testaments. It is not intended to be another outlet for professors to professors, but rather a forum for serious discussion within Christian circles.

The Marxists have been absolutely correct in their claim that theory must be united with practice, and for this reason they have been successful in their attempt to erode the foundations of the non-communist world. The editors agree with the Marxists on this point, but instead of seeing in revolution the means of fusing theory and practice, we see the fusion in personal regeneration through God's grace in Jesus Christ and in the extension of God's kingdom. Good principles should be followed by good practice; eliminate either, and the movement falters. In the long run, it is the kingdom of God, not Marx's "kingdom of freedom," which shall reign triumphant. Christianity will emerge victorious, for only in Christ and His revelation can men find both the principles of conduct and the means of subduing the earth—the principles of Biblical law.

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Vol. II

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A CHALCEDON MINISTRY

GARY NORTH

Editor

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# I. SYMPOSIUM: CHRISTIAN ECONOMICS

## EDITOR'S INTRODUCTION

The continuing and intensifying economic crises of the twentieth century are the direct product of the interference into the economy by the civil government. The messianic state cannot permit any aspect of human life, animal life, and inorganic nature to assert any claims of lawful independence from political manipulation. The end result of the deification of the state is the breakdown of humanistic society. The twin pressures of totalitarian control and economic fragmentation increase with every new assertion of central economic planning. The balance of the one and the many—the lawful claims of sovereignty of both the civil government and its components (including economic components)—cannot be maintained by the modern world. Apart from biblical revelation, such a balance, even when achieved, is simply temporary—an *ad hoc* arrangement during a period in which no single group or no single theory can gain ascendancy. The mid-nineteenth century was such a period in the United States and England. But without a permanent theoretical framework, the *ad hoc* arrangements crystallize around one or another of the self-proclaimed sovereignties, and human freedom departs.

It is imperative that a revelationally based economic theory be developed if ever Christianity is to assert effectively its lawful rights of government in every sphere of life. The erosion of the optimism of the colonial Puritans and the loss of faith by all Christian groups after 1660 in the efficacy or even the theoretical possibility of a distinctly Christian law structure, led to pietism and retreat on the one hand, and to secularized visions of the holy commonwealth on the other. The total absorption of the categories of economics into a totally secularized pattern had become a reality as early as 1700. This is not to say that Christians did not successfully deal with economic problems, both practical and theoretical, as Prof. Coleson's essay demonstrates, but they did not present their case in terms of a revelational economics. The logic, first, of natural law, and then of Darwinian evolution, became the epistemological foundations of economics as a hypothetically autonomous science. Christians were forced to borrow selectively from the findings of scholars who did not share their first principles of economic law. Worse: in too many cases, Christians uncritically imported the presuppositions of secular economists into sup-

posedly Christian treatises. The same process of epistemological accommodation which took place with respect to evolutionary geology, biology, and the other life sciences, had its parallel in the social sciences, including economics.

The problem is still with us, as several of the contributions in this journal indicate. Prof. Rothbard is a leader in the English-speaking anarcho-capitalist movement, a self-proclaimed Aristotelian in philosophy. Yet his presentation of a forgotten chapter in Christian intellectual history is important in opening up whole new avenues of research for serious Christian scholars. Prof. Adie, on the other hand, is a Christian in his theology, but his essay could have been written by any of the more intelligent atheist products of the so-called Chicago School of economics. The same is true of Prof. Sennholz's essay, substituting Austrian School for Chicago. The question, therefore, is simply this: By what standard can Christians make use of the intellectual division of labor in a world of common grace (using the phrase in its original Puritan sense of "unmerited gifts")? The only standard possible is the Bible. The concrete revelations of Old Testament and New Testament law provide both the categories and the content of economic law, just as they provide both the categories and epistemological presuppositions of all other academic disciplines. The integrating framework for all the data derived from observation must be explicitly revelational, despite the fact that few scholars today would be willing to grant this assertion (including those who are self-proclaimed representatives of the Cosmomic School of philosophy, whether of Amsterdam, Toronto, or Grand Rapids\*).

The importance of a specifically Christian approach to economics is the topic of the essays by **R. J. Rushdoony** and **Tom Rose**. Rose divides economics into normative and positive spheres. The latter is the area of greatest concentration of interest by self-professed neutral economists, since positive economics is supposedly neutral. But as Rose indicates, positive economics invariably involves normative questions, since there is no such thing as perfect neutrality. Economics uses knowledge in order solve practical problems; in short, knowledge is power, and therefore the normative questions—ultimately religious questions—always lurk in the background, no matter how hard secular economists try to hide their normative principles. The Bible, argues Rose, provides many principles that have been ignored for too long by economists (e.g., the relationship between Christian morality and economic growth). Far too often, it has

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\*What I am saying, and have said it repeatedly, is that the Dooyeweerdians, when they are not outright Barthians, are generally social antinomians: North, *An Introduction to Christian Economics* (Nutley, N. J.: Craig Press, 1973), ch. 30. Cf. Herman Dooyeweerd's contribution to *Jerusalem and Athens*, ed. by E. R. Geehan (Nutley, N. J.: Presbyterian and Reformed, 1971), pp. 74-89.

been the Marxian normative principles—class warfare—that have been smuggled into economic analysis. The religion of humanism, rather than the religion of Christianity, undergirds “neutral” economics.

**Rev. Francis Mahaffy's** article on social justice calls attention to the illegitimate uses made of this essentially statist concept. Justice concerns the maintenance of law and order by the civil government, inside the framework of moral law. Charity is the province of private action, including acts of the members of non-political, non-coercive institutions in which men voluntarily participate. Men do not have legal claims on the productivity of others, unless they are providing services of law, order, and defense through legitimate state institutions. Christian churches have failed to preach the whole counsel of God by not challenging the illegitimate transfer of charity into the realm of legal coercion. Far too often, churchmen have aided those who have tried to augment statist power in this fashion. Such a coercive system of enforced charity, says Mahaffy, “makes a mockery of Christian charity.” The state is to provide the institutional framework for personal liberty; it is not to be an engine of envy and coerced redistribution.

**Prof. Sennholz** presents the Austrian theory of the trade cycle—boom and inevitable bust—and concludes that it is the wholly illegitimate transfer of monetary sovereignty from the free market to the civil government which has created the problems of inflation and depression. The instability of modern capitalism is a product of state interference with the monetary system. Monetary inflation, which results in price inflation and an enforced redistribution of wealth, is a part of the modern philosophy of social justice. The increase in government spending and taxation is eroding the economic strength of the Western industrial nations. It is destroying human freedom in the process of redistribution. Sennholz names those who have been important advocates of inflation and redistribution within the economics profession. All modern economic schools of thought, except the Austrian school (best represented by the late Ludwig von Mises) favor statist monetary manipulation. No nation has escaped the effects of these disastrous economic ideas.

**Prof. Adie** takes on the question of unemployment and concludes: first, unemployment is created or aggravated by government policies such as inflation, price controls (floors on wages), unemployment benefits, and fiscal manipulation; second, unemployment is a sign of economic freedom in a society. Only where national policies of forced labor exist is unemployment wiped out entirely. Labor unions—supported by federal legislation such as the Wagner Act—also contribute to unemployment, since they are artificial barriers to workers outside the union who are willing to work for lower wages. The American Medical Association, argues Adie,

is one such union. The answer to unemployment would seem to be less government interference in the free market.

Four articles deal with the history and impact of Christian economic thought. Prof. Rothbard's essay relies heavily upon the discovery of Marjorie Grice-Hutchinson and Raymond de Roover that Roman Catholic scholastic theologians in the later Middle Ages were advocates of the free market's price mechanism. Rothbard's researches demonstrate how the so-called "just price" concept was, in writings of many of the late medieval commentators approved of "disinterested" elders of distinction (fraud or coercion on the part of sellers). Even in the days of Thomas Aquinas, the market price was often (though hardly invariably) seen as the just price. (Prof. Rothbard does not discuss the important exception: *emergency* circumstances of famine or dearth, in which cases virtually all medieval commentators approved of "disinterested" elders of distinction from the town to set prices and wages.) The concept of supply and demand, not cost of production plus a "reasonable" profit, governed the thinking of many of the later scholastics. Their analysis was so sophisticated, Rothbard argues, that only the idea of subjective value (marginal value) eluded them. They were the true precursors of the Austrian (Mises') School of economics. Only the hostility of eighteenth-century rationalists, who stole many of their ideas but neglected to cite their sources, succeeded in erasing this important chapter of Christian intellectual history. (Rothbard, understandably, believes that it was the commitment of the scholastics to Aristotle, rather than to the Bible, that made possible their commitment to freedom. He neglects the impact of Aristotle's doctrine of the sterility of money and the illegitimacy of interest for business loans.)

The early Reformers, my essay argues, most notably Luther and Calvin, reverted back to the categories of the early medieval period. Their economic analyses were ambivalent, confused, and generally *ad hoc*. The importance of the Reformation of the sixteenth century was found in its theological doctrines, not its economic analysis. The principles of the lawful calling, the priesthood of all believers, and the freedom of human conscience combined to create the potential for a later flowering of the free market. Other principles were notably absent in the sixteenth century: an unambiguously optimistic eschatology, a doctrine of concrete biblical law (private and civil), the full legitimacy of moneylending in business activities, and totally free pricing and open competition. It was Luther's dualism which at least made possible the coming of a free market, for he believed that Christians could not guide the state in terms of Christian principles. The coming of a free market then depended upon historical circumstances, but at least the opposition of men to private

business activities did not find in Lutheranism any theoretical support for a Christian guild socialism of a politically compulsory nature. In Calvin's thought, the centrality of private property and private conscience made difficult the construction of "Calvinistic socialism," although there were strong elements of skepticism concerning unregulated business activities in Calvin's writings. The summaries of Calvin's economic thought by André Biéler and W. Fred Graham are probably the most balanced, and exegizing Calvin's economics is indeed a balancing act. But unquestionably he did affirm the right to take interest on loans to the rich, and this was a major break from medieval and Lutheran thought. It is to the Puritans, and to the failures they experienced in trying to apply the economic restraints of medieval guild socialism, that we must look for an explanation of the coming of Calvinistic capitalism.

**Donnis Walters** does not confine himself to the Reformation's teachings on economics. He examines the whole sweep of Protestant principles of work, scientific activity, education, and law. It is on the Reformation and not on secular Renaissance humanism, that we must rely to provide the principles of social reconstruction. He finds support in **Prof. Coleson's** study of Protestant economic thought and practice in nineteenth-century England. It took the combined efforts of Christians (the so-called "Clapham Sect"), the secular "Manchester School" of economists, and the Anti-Corn Law League of Cobden and Bright (who was a devout Quaker and who used countless biblical allusions in his speeches) to abolish the disastrous import restrictions on grain in England. Members of the clergy also gave support to the movement, since they understood that the biblical principle of "give us this day our daily bread" was being disrupted by the tariffs on grain. They did not think they should stand silent in the face of the rival principle, "give us this day our daily monopoly." There were only two principles from which to choose. Coleson reminds us of the great conference of clerics at Manchester in 1841 which strongly denounced an explicitly political policy of economic intervention. The fact that many had read the writings of Bastiat is of tremendous importance, Coleson thinks, for it was Bastiat, above all other pamphleteers of his era, who presented the most effective case for the free market. He was at least a theist, and his tracts armed the British Christian soldiers. To rewrite the history of free trade exclusively in terms of the secularism of the Manchester School is no less erroneous than to rewrite the history of late medieval economic thought in terms of an interpretation of the doctrine of the just price that had not prevailed for three or four centuries.

In the section on Christian Reconstruction, the essay by **Donovan Courville**, an Adventist scholar, is of crucial importance. It is a summary

and introduction to his two-volume set, *The Exodus Problem and Its Ramifications* (1972). He offers the startling thesis that the accepted chronology of the pharaohs of Egypt—the cornerstone of modern archeology—is totally erroneous, both in its presuppositions and in its execution. The accepted chronologies, which go back two millennia, hid a most important fact: the dynasties were not consecutive; they *overlapped*. The time span of the history of Egypt has been drastically lengthened by the assumption of consecutive dynasties. We can now place Moses and the Exodus exactly when the Bible tells us: 480 years prior to the building of Solomon's temple, or 1445 B.C. Not only that, we now know which pharaoh was reigning—not surprisingly, his tomb has never been located. Courville's reconstruction will probably prove to be one of the major historical revisions of the twentieth century. It will not be given the time of day by day secular scholars who dominate the universities, nor by their secularized Christian imitators—especially not the latter, who long ago sold their birthrights for a mess of respectable footnotes. It will take a successful Christian reconstruction to elevate Courville's book into the outline for archeological research. I would predict that in three centuries his study of Exodus will be as scarce and more important than an original edition of William Whiston's *A New Theory of the Earth* (1696) is today.

# MANICHAEANISM, LAW, AND ECONOMICS

ROUSAS JOHN RUSHDOONY

Law and economics are necessary aspects of man's daily life: it is impossible to live without them. The more a sound knowledge of law and economics declines in a society, the more radical will the decay of that society be. A decadent and dying society is one in which law and economics are in a state of radical decay or collapse. Together with theology, law and economics constitute the foundations of order in a society, and what men think of law and economics depends on their theology.

At the heart of our contemporary problem are false theologies and philosophies, and central among these is Manichaeism. For Manichaeism, the world is divided into two different and alien substances, spirit and matter. Each is equally ultimate, and both are self-sufficient and separate realms. To be spiritual in the Manichaean sense means to be disdainful about and unconcerned with material things, because they are alien and constitute a drag and drain on the spirit. Spirit is held to be good, and matter, bad.

From the biblical perspective, there are no two such different substances or beings (for in some dualistic religions there are two ultimate beings in and behind the two substances). God is the maker of all things, and He created all things good. Because of the fall, all creation is equally fallen. "Spirit" and "matter" are alike fallen; they do not constitute two different kinds of substance or being. The distinction rather is between the uncreated Being of God and the created being of all things else. Salvation is not redemption from matter but from sin, the root of which is spiritual. Instead of despising matter, biblical faith works to exercise dominion over the material world as God's appointed kingdom.

The Bible is replete with very precise and detailed laws governing the material world, the use of lands, diet, wastes, wild life, and so on. When the Manichaean mentality approaches such laws, it finds them offensive. They are as a result ruled out, *first*, as a primitive form of religion for the supposedly primitive Old Testament Hebrews, and, *second*, as merely a secret code, with all kinds of symbolic meanings pointing to the truer and spiritual meaning, and rendering the literal meaning of the law as no more than a useless hull or shell.



The Manichaeian influence on Western thought is profound, in both church circles and amongst the humanists. The Manichaeian overtones, for example, in Barthianism are very obvious in the division between faith and history, between holy history and actual history. Barth thus "affirmed" the virgin birth as a spiritual fact, but denied its historicity; Reinhold Niebuhr "affirmed" the bodily resurrection of Jesus Christ as a matter of faith but denied its historicity. For them, the world of faith must not be contaminated by the material world of history.

Law and economics are very material concerns, and basic to life. We are born into a law world—physical law, family law, church law, school law, civil law, and so on. We cannot escape from law: *law is inseparable from life and is a condition of it*. Not even death affords an escape from law, in that, physically and religiously, we remain in God's universe of law.

The same is true of economics. From birth to death, our lives are economically oriented and involved, and every aspect of our lives involves economic considerations.

In fact, the progress of man requires the greater development, in terms of God's word, of law and economics. Attempts to eliminate law and economics from life, as in the utopia of Marxism's ultimate goal, mean the progressive reduction of life to a more and more beggarly status.

In view of this, it is an eloquent evidence of our Manichaeian heritage that most students go through their entire schooling with no training in either law or economics. What economics they do get is really not economics as such, but a study of the political control and suppression of economics. It can be added that most lawyers leave law school with no training in the theology and philosophy of law.

But a true theology *requires* a study of law and economics. If theology takes seriously, *first*, the fact that God is the Creator, it will recognize the relevance of the material world and the centrality of law and economics. This it has not done. The United States, for example, has well over half its population listed as church members, and their ignorance of law and economics is perhaps equal to that of the unchurched. Such an ignorance is a practical denial of the doctrine of creation and a tacit affirmation of Manichaeism. Law and economics have theological foundations which cannot be ignored. Our present crisis makes clear that law and economics decay without that basis.

*Second*, the Bible deals very specifically with law and economics, as I have pointed out in *The Institutes of Biblical Law*. It is impossible to deal seriously with Scripture without at the same time being confronted by law and economics.

The restoration of Christendom means thus a denial of Manichaeism, implicit and explicit, and the development of a theology with biblical roots.

**This requires a restoration of law and economics to a position of centrality in education and in human affairs. The rise of statism has been in large measure a result of a theological default and withdrawal from the material world. To the redeemed man, the creation mandate to exercise dominion and to subdue the earth (Gen. 1:26-28) emphatically applies. This, under the guidance of biblical theology, requires the study and application of law and economics.**

## ECONOMICS: FROM A CHRISTIAN PERSPECTIVE?

TOM ROSE

Can economics be studied from a Christian perspective?

Such a question immediately raises a challenge: Isn't economics a science? If so, then what has religion to do with science? Don't scientific principles apply equally to Christians and non-Christians alike? Then why the distinction between just plain economics and "Christian economics"?

To this sensible challenge I reply: Yes and no.

Economics is both a science and an art. It is proper to regard economics as a true science when the economist deals solely with matters that fall properly in the scope of positive economics (i.e., with matters having to do with the accurate observation of empirical data and the seeking of reality via the scientific method of inquiry).

But, when the economist reaches the point where he attempts to interpret discovered cause-and-effect patterns and to apply his scientifically acquired knowledge in the formation of policy recommendations, then economics certainly becomes more than pure science. At this stage economics, in addition to being a science, becomes an art.

When the economist attempts to develop policy (and this is where the really important decisions are made), he moves away from the area of positive economics into the area known as *normative* economics. It is here that he begins dealing with matters which entail value judgments, concepts of moral right and wrong, and ethical questions. And it is at this very point where the spiritual insight enjoyed by the Christian becomes especially helpful. This is not to say that a Christian's spiritual insight cannot also play an important part in the search for truth in the area of positive economics, because it certainly does. If man's perception of reality is perverted by sin—which is a basic premise held by biblically trained Christians—then the scientific inquirer sorely needs insights to truth wherever he may find them. It is here that the objective truth of the Bible in conjunction with the subjective work of the Holy

Spirit in the mind and heart of the believer becomes an indispensable lamp in guiding the way towards truth.

Benjamin Warfield, in speaking of John Calvin's attempt to relate knowledge to God, had this to say on the subject of spiritual insight:

The task which he (Calvin) undertakes, therefore, is distinctly to show that men have in the Scriptures a special revelation of God supplementing and so far superseding the general revelation of God in nature; and that God so operates with His special revelation of Himself as to overcome the sin-bred disabilities of man (p. 48).

Calvin's formula here is, the Word and Spirit. Only in the conjunction of the two, can an effective revelation be made to the sin-darkened mind of man. The Word supplies the objective factor; the Spirit the subjective factor; and only in the union of the objective and subjective factors is the result accomplished. The whole objective revelation of God lies, thus, in the Word. But the whole subjective capacitating for the reception of this revelation lies in the will of the Spirit. Either, by itself, is wholly ineffective to the result aimed at—the production of knowledge in the human mind. But when they unite, knowledge is not only rendered possible to man; it is rendered certain (p. 83).

—from "The Knowledge of God," *Calvin and Augustine*,  
The Presbyterian and Reformed Publishing Co., Philadelphia, 1971.

Thus, we can say that while the Christian economist and the secular economist should be expected, as scientists, to find broad areas of agreement in their general understanding of economic theory and principles (the positive aspect of economics), they are quite likely to hold divergent policy views when it comes to applying what they think they understand (the normative aspect). Because the two are "tuned in" to different spiritual wavelengths, they find themselves marching to different drummers, so-to-speak.

Also, by way of further explanation, we find that religion (so-called) has much to do in creating the atmosphere and in delineating the boundaries within which positive science is applied and objective truth perceived.

The most popular "religion" of our day is humanism (as contrasted with Christianity, which Christians regard not as "religion," but as biblical revelation direct from the Creator). While humanists, who regard man as the epitome of an evolutionary process which has taken place through eons of time (a religious supposition in itself!), may scoff at any attempt to view the science of economics through a Christian's eyes as "unscientific," the Christian, on the other hand, can only ask: "What did the Apostle Paul mean when he, speaking of Christ, said, 'In whom are hid all the treasures of wisdom and knowledge?'" "Does this not," he will ask, "include *all* knowledge, the world of science as well as everything else?"

Those who believe and understand what the Bible teaches will readily admit that *all* the hidden treasures of wisdom and knowledge, even those of the sciences, can be sought most successfully and profitably *only* if the seeker constantly keeps his eyes focused on the Person of Jesus Christ. If all that we regard as knowledge is not continually tested against the Immovable Benchmark, Jesus Christ, our Saviour and Lord, the seeker of truth may very likely come up with only a pseudo-science which leads him *away* from reality instead of towards it.

The admonition of the Apostle Paul is worthy of being heeded in this respect:

. . . because they received not the love of the truth, that they might be saved. And for this cause God shall send them strong delusion, that they should believe a lie (II Thess. 2:10, 11).

C. H. MacIntosh directed himself in 1882 to the divergent tendencies between believers in Christ and non-believers concerning the search for knowledge in these words:

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* [italics added here only]. 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.

—C. H. MacIntosh, *Notes on Numbers*,  
Loizeaux Brothers, New Jersey, 1972, p. 429.

The economist who is a knowledgeable Christian will recognize the need to be rigidly scientific where pure science calls for a strict application of the scientific process. But he will also keep in mind that a Christian operates from a different set of spiritually based premises than does the secular economist in the world, especially when it comes to the nature of man. And the differing premises may sometimes direct the Christian economist to an entirely different policy outcome than the one at which his secular associate may arrive.

### *The Two Aspects of Economics*

For the sake of convenience, the study of economics has been divided into two broad areas called *positive* and *normative* economics.

Positive economics is the "pure science" aspect of economics which stresses the five-step procedure known as the scientific method. It is the

more limited aspect, really, in that it deals only with *means*. It focuses on the question, "What is the most efficient means of achieving ends that have *already* been determined?" Thus, it ignores (or would the word "evades" be more appropriate?) questions of morals and ethics.

Normative economics is really the broader aspect of economic study because it is concerned with the ultimate *ends* and *direction* toward which economic analysis is applied. The normative aspect of economics necessarily deals with moral and ethical concepts. Modern secular economists take great pride in what could be called "professional positivism."

Perhaps an undue emphasis on professional positivism has caused a dichotomy to arise between positive and normative economics which is unnatural. In fact, so great a distinction seems to have been made between these two legitimate aspects of economics by modern practitioners that the dichotomy may even be a false one. My position is that, while we must always clearly distinguish between ends and means, it is hardly possible to separate man-the-positive-economist from man-the-moral-creature-of-God. Nor is it desirable.

Perhaps some examples will help drive home the impossibility of separating moral-man from scientific-man in practice:

At a meeting of professional economists who were gathered in the hallowed halls of a leading institution of higher learning, the lecturer put it like this: "I'm a professional. By this I mean I will sell my professional expertise to anyone, private or government, who will pay for my services. It's *their* role to set whatever goals they want to reach, and it's *my* role to tell them the most efficient way of getting there. As a professional economist I don't get involved in determining policy. If I did, I'd lose my status as a professional."

This beautifully illustrates the difference between positive and normative economics, as seen by most modern economists—the positive aspect deals with *means*, while the normative aspect deals with establishing *ends*, and never the twain shall meet.

But, let's consider the validity of the claim that a professional economist risks becoming "unprofessional" if he should involve himself in determining policy.

Recently a dentist made this statement concerning a tooth that a patient asked him to extract because it had been a source of constant bother: "The X-ray shows that the tooth is savable. We can fill it or cap it, as you wish. But I won't pull a tooth that is basically sound."

Now, the dentist spoke as a *positive* practitioner when he said it was possible to either fill or cap the tooth. He presented a viable choice of two means to achieve a certain end. But, in stating that he would *not* extract a sound tooth because it conflicted with his own value judgment, he

passed into the area of *normative* dental science. Here, he was dealing with *ends*. In effect, the dentist was saying, "I'm willing to sell you my professional services if you choose one of the means that will save the tooth, but if you choose the end that I don't agree with, I choose to withhold my professional services."

Take another example: Suppose a surgeon refuses to provide his professional services to women who want abortions because he, even though the courts have ruled it legal, feels that abortion is murder.

Take still another example: A professional economist refuses to sell his advisory services to the Kremlin in Moscow or to a company that is controlled by the Mafia because he believes the ends to which these entities are committed are immoral.

In each of these instances we have what I would say is a true professional limiting the practice of his positive science in accordance with previously held value judgments. In other words, each refused to dichotomize man-the-positive-scientist from man-the-moral-creature. Each regarded it right and proper, nay even *necessary*, for his moral self to dictate the proper sphere of action within which his professional self can operate.

Is this being unprofessional? Would not anything less quickly lead to the prostitution of one's professional services to the highest bidder?

I have taken some pains to stress the difference between the positive and normative spheres of economic science because I suspect that a somewhat false dichotomy has arisen during the last few decades. While it is true that we must always be careful to distinguish when we are thinking positively versus normatively in order to avoid confusion of means, we must also clearly recognize that man-the-moral-creature can never, if he is to remain self-responsible before God, relinquish supervisory control over man-the-positive-practitioner. This is in accordance with the biblical admonition: "I will instruct thee and teach thee in the way which thou shalt go: I will guide thee with mine eye" (Ps. 32:8).

### *The Bible and Economics*

We might ask at this point, "What does the Bible have to say about the study of economics? Can the Bible shed any light that would be useful to the economist?"

Perhaps the following incident will help provide a proper focus to deal with this question:

While in graduate school at a secular university, it was my good fortune to take some courses in economic development. The instructor was an acknowledged expert on India. He had spent a number of years serving as an economic consultant to the Indian planning authorities. Since he was a professed atheist, he naturally left any consideration of a sovereign



God out of his economic analysis; and, since he was an outspoken and dedicated socialist, he consistently followed socialist ideology in his policy recommendations. Socialist ideology naturally leads planning authorities to strive for building a centrally controlled, politically directed economy, the purpose of which (though this is not openly stated) is to over-rule the decisions of citizens as those decisions are expressed in what would otherwise be a developing free-market structure.

I had been a Christian for a number of years and had faithfully read the Scriptures on a daily basis. My purpose in reading was, of course, to bring my mind into conformity with the mind of Christ. At the time I was taking the course in question, I was reading the book of Deuteronomy. In it I saw a close relation between economic development and a faithful adherence to the law of God as given to the migrant Israelites. So, one day after class I approached my instructor and asked, "Did you realize that the Bible has some important things to say about the economic development of underdeveloped countries?"

His reaction was what one would expect from a person who rejects the revealed truth of the Bible. "If there is any relationship between the Bible and economics, I'm sure it is a *negative* relationship rather than a positive one," was his sarcastic retort. (We might ask: Was this man being scientific or non-scientific in his perfunctory rejection?)

I then suggested that he read Deuteronomy, chapters 28 and 29, to see if the Bible did not indeed touch upon some of the very things we were then discussing in his class.

In my own reading I had been impressed with the fact that if one reads the blessing (Deut. 28:2-14) which Moses said God would bestow if the Israelites would obey His Word and the curses (Deut. 28:15-47) which would come if they didn't, it would be readily seen that many of them are economic in nature.

—"Blessed shall be thy basket and thy store," (vs. 5).

—"Cursed shall be thy basket and thy store," (vs. 17).

The observant Christian, then, can clearly see that the Bible indicates a *positive* relationship between a people's economic blessings and their adherence to biblical righteousness. And the professional economist or student, be he an atheist or a believer, ignores this objective revelation of biblical truth at his own peril.

At this point we might ask a pertinent question: Could the *real* problem concerning the lack of economic growth in India and other backward countries be *spiritual* instead of economic? Secular economists, almost to a man, would say no. But those with spiritual insight, which only the Bible can provide, would disagree. Suppose that India, as a nation, were to turn to the true God as Saviour and Lord? What religious

changes, what social changes would take place that might open the door to more rapid economic progress?

—"Righteousness exalteth a nation: but sin is a reproach to any people" (Prov. 14:34).

—"Blessed is the nation whose God is the Lord . . .," (Ps. 33:12).

Frankly, the question for the economist who is a Christian to ask is whether he believes what the Bible says or not.

Some years ago, the Sudan Interior Mission produced a remarkable film—remarkable because it focused on the inescapable relationship between theology and economics. The chieftains of two neighboring villages each sent his son to a missionary school for training. In the process of time one youth was converted to Christ, while the other remained pagan. Each son succeeded his father as chieftan of his village.

The young Christian chief immediately set about evangelizing his villagers. They heard the gospel; they were converted; and under the young chief's leadership, they gradually conformed their individual lives, and thus their society, to Christ as Lord. But the young pagan chief continued in the old ways of his forefathers. So did his people.

After some thirty years, the difference between the two neighboring villages was tremendous. The Christian village was a beehive of economic activity. The witchdoctor had long ago been replaced by indigenous ministers of the gospel. The village was free of disease; children attended schools where they learned reading, writing, and some basic technical skills; thievery was no longer a problem. In short, a general air of cleanliness, moral social order, and productive employment abounded.

The pagan village, on the other hand, continued being plagued with drunkenness, disease, and open sexual immorality. The witchdoctor still held a powerful and oppressive place in the pagan society. There was no organized household industry or small business ventures; and what little commerce existed was conducted on a slow barter basis. Since the individual's right of private property was neither respected nor protected, capital accumulation lagged. People were motivated to consume all of their small produce immediately in the gratification of lustful pleasures rather than disciplining themselves to defer consumption via savings because a stronger individual, like the chief or the witchdoctor, might dispossess them of any wealth they might accumulate. In short, in the pagan village, chronic economic and social stagnation continued as it had for centuries before.

Question: In the light of such empirical evidence all over the world, is it "scientific" for economists to claim that there is a non-positive relationship between biblical revelation and economic progress as our Indian "expert" claimed?

*Economic Implications from the Bible*

Let us now look at a selection of Bible passages and see if we can glean some economic implications from them:

—“And God said, ‘Let us make man in our image, after our likeness’ ” (Gen. 1:26).

Economics might well be called the science of choice, the study of how man chooses between available alternatives with the purpose of maximizing his welfare or his felt state of well-being.

From where does man derive his power of choice? Is it not from God? Is the power of choice not a result of man’s God-given nature?

God is capable of choice, of imputing value into things. Thus, because man is made in God’s own image, after the likeness of the Trinity, he, too, is capable of choice. Man, thus, is what we call an *economic being*; i.e., he is capable of free choice. Man’s power of choosing is a reflection of one of God’s attributes. We learn this from an objective study of the Bible.

A moral, or normative, question can be raised at this point: Since God made man free, i.e., made him capable of choice, is it a *denial* of the essence of God’s image in man to *deprive* him of his God-given right to choose between available alternatives? To put the question in another way: Is the system of voluntary exchange (free choice) which exists in the free market economy morally superior to the involuntary exchange (denial of free choice) which exists in socialist economies?

This kind of question cannot be answered by resorting to *positive* economics, which deals only with *means*. Rather, it properly falls in the area of *normative* economics, which deals with *final ends* and, thus, necessarily involves moral and ethical values.

—“Be fruitful, and multiply, and replenish the earth, and subdue it: and have dominion over the fish of the sea, and over the fowl of the air, and over every living thing that moveth upon the earth” (Gen. 1:28).

The meaning of this verse is clear. Man is in economic control of the Lord’s creation. He is the Lord’s steward. He is to subdue (control) the earth in order that he may multiply, yet he is to replenish (preserve) its natural resources. Every living thing (plants and animals) is rightfully under his dominion and power. To put this in modern perspective, man is to safeguard the ecological structure, but, if it comes to a question of his own welfare versus part of the plant or animal kingdom, man is the controller and the apple of God’s eye: “. . . the earth hath he given to the children of men” (Ps. 115:16).

—“And God saw everything that he had made, and, behold it was very good” (Gen. 1:31).

There is no natural dichotomy between the spiritual and physical things of the universe in the sense that spiritual things are "good" and physical things are "bad." This verse tells us that the physical aspects of God's creation are *positively good*.

Lest we miss the point, this means that material wealth is good (note the first and last chapters of Job). Thus, those cultures that disparage material things as evil in favor of achieving a non-physical state of spirituality (monastic religious sects that emphasize ascetic living, and the Eastern idea of Karma, for instance) make a grievous error in their estimation of the economy the Lord set up in His creation. They misinterpret the reality of God's creation and man's proper role in it, and they suffer dire economic consequences as a result.

Such disharmony with God's created world-system tricks some men into erecting roadblocks that obstruct the natural path towards economic progress. "And with all deceivableness of unrighteousness in them that perish; because they received not the love of the truth, that they might be saved. And for this cause God shall send them strong delusion, that they should believe a lie" (II Thess. 2:10, 11).

—"And the Lord God took the man, and put him into the garden of Eden to dress it and to keep it" (Gen. 2:15).

The problem of scarcity (man's basic economic problem) did not appear in the world as a result of Adam's fall into sin. Before man's fall into sin, he was *already* faced with the necessity of working for a living and of facing the economic necessity of choice.

To explain: Even though the earth's produce in the garden of Eden was relatively abundant, man was still faced with the basic *economic* problem of scarce resources. Time, for instance, is a resource that is *always* scarce; and we can safely assume that man's nature before the fall was such that his wants were unlimited. (Note that this is an *assumption*, and therefore, may be incorrect. But it is not a necessary one to establish the fact that man, before the fall, was still faced with the *economic* problem of choice.) For instance, even before the fall, man found that time was a constraint. If he chose to dress one plant in the garden, he had to defer dressing another—thus, the act of choosing, the basic problem about which economics is concerned, was involved. And if he chose to consume one fruit or vegetable at one moment in time, the consumption of another must necessarily be deferred until a later time.

—" . . . cursed is the ground for thy sake; in sorrow shalt thou eat of it all the days of thy life; Thorns also and thistles shall it bring forth to thee; and thou shalt eat of the herb of the field; in the sweat of thy face shalt thou eat bread . . ." (Gen. 3:17-19).

Here the focus is on the problem of economic scarcity, *dire* scarcity,

because sin has made the world niggardly in its production. But, remember that the fact of scarcity, in its economic sense, did not make its *initial* appearance at this time in history. (The idea of scarcity in the study of economics means that man does not have unlimited means of choice at his disposal; that is, that he must choose at any one instant in time between two or more possible alternatives. In eternity, where time is endless, we can assume that the time constraint will be gone, therefore, in eternity the fact of scarcity which we face in this world will vanish, at least as we now know it.)

But sin has certainly soured and made more dire the choices that man must face. Gone was the attractive Edenic choice between one easily gotten richness over another. The earth no longer was a rich cornucopia that readily poured forth its largess. It suddenly turned parsimonious. Man was now faced with the bitter choice of one niggardly alternative versus another. The *essence* of choosing did not change, but the *options* man had to choose from had materially worsened.

—“And Abram was very rich in cattle, in silver, and in gold” (Gen. 13:2).

Here also we see that the accumulation of material wealth is a positive good. Else, why would God have so blessed Abram? Remember that Abram had answered God’s call and was actively seeking to serve the Lord.

—“. . . Let my people go, that they may serve me” (Ex. 8:1).

Freedom, though a positive good because it is a reflection of an attribute of God, is *not* an end in and of itself. Man’s God-appointed purpose in being free is *not* that he might have unrestricted license to follow his own will (which at this time in history, after the fall, is wholly depraved and sinful: “The heart is deceitful above all things, and desperately wicked: who can know it?”—Jer. 17:9). Man’s God-appointed purpose in being free and self-responsible is that he might serve his Creator and Lord, that is, to do God’s will. Thus, we can discern the importance and pertinency of economic freedom concerning man’s relationship to God: The more wealth man has under his control, the greater is his stewardship responsibility for using his wealth constructively in God’s service.

Here are some questions we might well consider at this point:

1. Great Britain and the United States are the two countries in which the concept of individual freedom and responsibility before God has blossomed to the fullest. During the last two centuries, these countries have supported the bulk of foreign missionary work throughout the world. What connection, if any, can we see between:

- a) biblical theology being practiced in a nation,

- b) the accumulation of physical wealth, and
- c) the spreading of the gospel?

Is what happened in Great Britain and the United States just coincidence? or do you see, as I do, a cause-effect pattern?

2. When one person—or even civil authorities, for that matter—usurps material wealth from another, he, in effect, lessens the amount of wealth, or the degree of stewardship, under the other person's control. The *economic* effect of such usurpation is clear; but what is the moral implication? Can such usurpation be morally neutral? What does your own answer, whatever it is, imply concerning the concepts of private property and one's individual responsibility as a steward before God?

—"Thou shalt not remove thy neighbor's landmark" (Deut. 19:14).

Here the Lord gives recognition to man's economic necessity and moral right to have exclusive access to and control of a particular piece of land. Would a loving God have placed man on an earth he needed to till in order to survive and *not* have guaranteed him access as an individual to a needed economic resource? Man produces the material wealth he needs to sustain life by applying his labor to land (natural resources). Karl Marx is responsible for fostering much error that exists about economics today, but he did view land properly when he depicted land as "the mother of all wealth."

Land and labor are the two basic productive resources from which all other material wealth is derived. Capital (tools) is a *derived* productive resource. And entrepreneurship, which some economists classify as the fourth productive resource, is only a specific *form* of labor. In summary, of the three productive resources studied in economics, only land and labor are the *original* God-created resources.

Note also that Deuteronomy 19:14 stresses man's right *as an individual* to the exclusive use of land. God must have deemed man's economic access to land so important that He imposed a moral command to protect this right. Let this fact about land not escape us.

But this right was *not* unconditional. Leviticus 25 tells about the Year of Jubilee. The Israelites were prohibited from permanently selling the title of land to others. God's goal in this limitation was to make sure that the unwise actions of a father could not cut off his children, and their children, from their pro-rata claim of the family's land. Thus, the Lord protected men from the possibility of impoverishment or of being put in a condition of slavery. Every 50 years, during the Year of Jubilee, the land was to be re-divided among the then-existing population on a family basis: "The land shall not be sold for ever: for the land is mine; for ye are strangers and sojourners with me. And in all the land

of your possession ye shall grant a redemption for the land" (Lev. 25: 23, 24).

We see above the biblical recognition of some basic economic, political, and theological truths which cannot be easily separated:

1. *Economically*, all produced wealth is the result of applying human energy to land (natural resources).

2. *Politically*, man's freedom is dependent on his economic freedom, which, in turn, is a function of the private ownership of wealth. (The Egyptians lost their political freedom when they sold their privately controlled land holdings, and eventually themselves, to the pharaoh under Joseph's administration during the seven-year drought. See Genesis 47: 15-20. Their loss of economic freedom quickly led to the loss of political freedom and slavery.)

3. *Theologically*, man does not own land in his own recognizance, but *as a trustee to God*. Therefore, if man is to be self-responsible before God for the productive resources he controls, some provision must be made to preserve and guarantee his God-given right (and responsibility) of private ownership and private control. The Year of Jubilee provided this guarantee.

—"Moreover the profit of the earth is for all: the king himself is served by the field" (Eccles. 5:9).

The citizens of a nation have a rightful claim on what their land produces. National land policies that deprive large masses of humanity from ready access to land, so that they are inhibited from exerting their labor to produce a "profit" (like some countries in South America and Asia, for example), go directly against the clear Word of God.

Is it any wonder that such nations have lagged behind economically? The poor economic and social consequences that result in such nations are part of the curse that must be borne (see Deut. 28:15-47) when nations fail to bring themselves into harmony with God's laws.

Secular economists, of course, would generally disagree with this last statement. They would say that bringing God into economics is "unscientific." But they *would* generally agree that the result of land policies that cut citizens off from the land leads to economic stagnation. The point for us as Christians to observe here is this: The secular economist and the Christian economist will often, because they use the same scientific process in tracing cause-effect patterns, arrive at like conclusions. But the Christian is at a decided advantage because he has an *additional* source of reference, an additional benchmark against which he can check the accuracy and consistency of his conclusions. This source, this benchmark, of course, is the Bible, which his secular co-worker utterly rejects. The Apostle Paul's word is appropriate here: "But the natural man [i.e.,



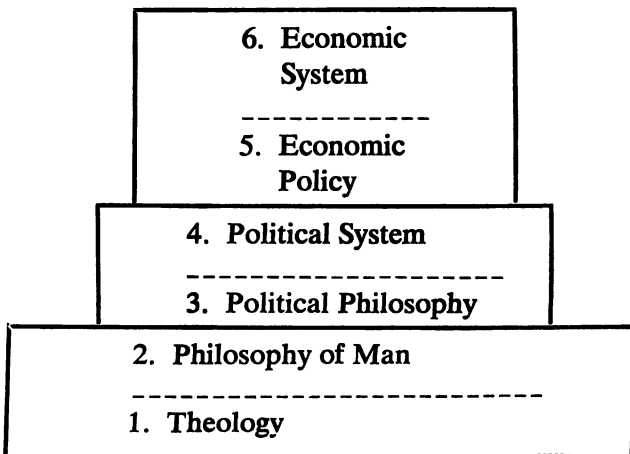
the unspiritual] receiveth not the things of the Spirit of God: for they are foolishness unto him: neither can he know them, because they are spiritually discerned" (I Cor. 2:14).

The Bible passages we have been reviewing are just a sampling of the many from which the practicing economist and layman can derive guidance in setting economic policy as well as gaining additional light in the study of positive economic science. Ecclesiastes 5:11, 19 clearly shows, for example, that God certainly intends that man should individually enjoy the fruit of his own economic production. And Acts 5:4 and Matthew 20:15 unquestionably uphold the moral right of the private ownership and control of wealth.

### *Sphere Relationships*

An important reason for attempting to develop a consistent Christian perspective of economics is because there is a close relationship between economics, political science, and theology. Indeed, early economists like Adam Smith were known as moral philosophers and political economists. There is a good reason for this. Each sphere—the economic, the political, and the theological—acts upon and is acted on by the others. It is important that we always keep this fact in mind. Any dichotomy, if unnaturally strained, will only serve to produce a false sense of independence and non-interaction between these spheres. America's recent excursion into mandated wage and price controls (August 15, 1971, to April 30, 1974) should suffice to show the close interaction between politics and economics that produces a very fragile relationship. And a deeper inquiry into the underlying presuppositions on which the rationale for political control of economic activities rests will show a base that is at heart theological in nature.

Perhaps a graphic illustration will be of help:



We can explain the above illustration thus:

1. Man's *theology*—that is, man's view of God (or his non-God view) and his relationship (or non-relationship) to God—determines his philosophy of man (that is, the world-view of life that he holds of himself).

2. Man's *philosophy of man* determines, in turn, his political philosophy.

3. Man's *political philosophy* determines the kind of political system, or system of civil government, that he will collectively erect to make social exchange and interaction possible.

4. Man's *political system* will largely determine the economic policies that are followed within a nation.

5. The *economic policies* that man applies within society will, in turn, determine what kind of structures and institutions evolve as men go about the process of pursuing their own self-interest. This structural-institutional set-up which evolves within the social-political milieu or environment is what is called the economic system of a country.

6. The *economic system* that happens to exist in a country will determine, to a large extent, the standard of living, or the level of want-satisfaction, that the people of a nation enjoy. Economic systems cannot be changed unless the *underlying* ideas and philosophies are changed beforehand.

In short, we can see from the above diagram that the study of economics does not take place in a vacuum. We must study man where we find him. What man is, what he is conditioned to respond to, and the social structures and institutions through which he acts, and with which he interacts, is a product of his entire socio-philosophic-theologic milieu and heritage.

Do not misunderstand. This is *not* to say that economics is not a scientific study. To the contrary. This means that *extra* pains must be taken when *man* is the subject of inquiry, as he is in economic science, in order to assure that all influencing factors have been considered and taken into account. Man is a very complex being, and the social scientist who does not give full recognition to man's complexity and the sources from which his complexity derives will be severely handicapped in his study of man and the world-system in which man must work by the sweat of his brow to survive.

### *When the Light of Scripture Is Ignored*

The Scriptures tell us that "The fear of the Lord is the beginning of knowledge: but fools despise wisdom and instruction" (Prov. 1:7), and that it is the Person of Christ "In whom are hid all the treasures of wisdom and knowledge" (Col. 2:3).

Therefore, if we believe the Bible, we should not be surprised to find that the Bible indeed *is* a useful source of information and guidance, even when it comes to the study of economic science. This Book is especially useful for gaining insights about:

1. the nature of man, and
2. the moral rightness or wrongness of man's social relationships.

When it comes to establishing economic *policy*, where questions of morals and ethics are always close at hand, it is easy to see how the Bible can be of invaluable service. Most Christians see such directives as "Thou shalt not steal," "Thou shalt not covet," ". . . if any would not work, neither should he eat," and "Is it not lawful for me to do what I will with mine own?" as quite clear in their meaning, though they might disagree somewhat on how to apply them in specific social instances. So, applying the Bible to the normative area of economics can more easily be understood than applying it to the positive aspect of economics.

But, what about the *positive* aspect of economics? Can the Bible *really* be of practical use here?

We are convinced that it can.

Take, for instance, the "value problem" that economists failed for so long to solve. A study of economic history shows that the answer to the dilemma of what caused things to have value eluded the early economists for centuries. Yet, the correct solution was in the Bible all along!

This may be a somewhat audacious claim in the opinion of secular economists, but it is clear to me from my study of the Bible that the missing key for solving the persistent "value dilemma" was all-along available in the Scriptures *if only* the early economic investigators had sought wisdom and enlightenment from God's objective revelation of scriptural truth.

In short, the Classical economists erred in solving the problem of value (they thought value was instilled *into* objects as the result of applying man's labor energies to them), when the correct answer was readily available in the Bible. And the undesirable effects of their failure have persisted up to the present time.

Classical economists claimed that value was invested in a good by expending labor in its production. In general, those articles that had more labor expended in their production were said to be more valuable; those on which less labor was expended were said to be less valuable. This is the Classical "Labor Theory of Value."

Karl Marx followed in the footsteps of the Classical economists. Though he is regarded as the "father of communism," and even though he was mainly what today might be regarded as a sociologist, when it comes to economics Marx is regarded as the last in the line of Classical economists.

Though he attacked the system of capitalism with vehemence, he thought and reasoned *as* a Classical economist, and he accepted their theories. He was not an original thinker.

Marx accepted the Classical "Labor Theory of Value" even though it was false. This now-discredited theory was the key building block that Marx used to develop his antagonistic theory of labor exploitation. And he used this, in turn, to support his ideology of a deeply rooted class struggle between workers and employers (the laboring class versus the capitalist class). The ideology of class warfare is a *sociological* concept rather than an economic concept.

Out of Marx's unstable structure—unstable because it is built on the shifting sands of error—evolved two phenomena that have had great impact on our modern world:

First, is the *Cold War*. The free nations—which more or less accept the biblical view of man, or which did at one time—are aligned on one side; and the communist nations—which take an atheistic view of man—are aligned on the other.

Two opposing worlds stand bristling against each other; and the divisive economic factor is the different belief, or ideology, that the protagonists hold about the morality of the free-enterprise capitalistic system. The capitalist nations claim the system is fair to all, while the communist nations are wedded to the belief that capitalism unfairly exploits the working class. (Let us not forget that the economic argument is just a surface issue, the *real* crux of the matter hinges on theology and the different world-life views that result from opposing theological concepts.) And the extent to which once-free nations have moved to centrally controlled economies serves as a measure of the inroads that their citizens have succumbed to the indoctrination of Marx's ideology of class warfare and his false labor theory of value.

Second, is the *worldwide industrial conflict* that continues to fester like a running sore between management and labor unions. The managements of corporations throughout the world are lined up against militant labor unions that are led by men who have accepted the Marxian theory of labor exploitation. Even if the communist threat of worldwide military and political domination should ever abate, the effect of the Classical economists' erroneous solution to the "value problem" promises—through Marx's theory of labor exploitation—to be a continuing divisive force between the users of capital (workers) and the owners of capital (stockholders, and their representatives, management).

If the early economists had properly related the biblical teaching about man to their reasoning about the "value problem" (that man was created in the image and likeness of God and could, therefore, like God, impute

value *into* things; i.e., that value exists only in the mind or in the eye of the beholder), then the Classical economists would *not* have fallen into the error they succumbed to. And Marx and his class-warfare ideology and the whole Marxian system of economics which resulted, and which now splits the world into two disputing camps, would have been *denied* their key foundational building block.

Examples of where the Bible shows an imputation of value *onto* or *into* another person or object are so numerous that it is a wonder that such a clear biblical teaching escaped notice by the early economists.

The New Testament Greek word *agapao* (John 3:16; Rom. 9:13; I John 4:10) and others shows an imputation of value into or upon the object loved.

The same can be said for words like *ahab* (Mal. 1:23; Jer. 31:3) and *chashaq* (Ps. 91:14; Deut. 7:7) in the Old Testament.

The New Testament Greek word *agapao* means a searching, personal love, as a man's love for his wife. Why does a man value the woman he asks to be his wife more than any other, even though to others the object of his affection may appear plain, homely, fat, ugly, frivolous, deformed, or even to have bad breath? The only logical explanation is that love, like beauty, is in the eye of the beholder. Love is felt *toward* the object of affection because the one who actively loves, for some inexplicable reason, *imputes* a value *into* the person or object esteemed. Thus with God toward man.

The Old Testament Hebrew words connote the same kind of love: *ahab* means to have affection for and *chashaq* means to cling to, to love, to delight in. The root meaning of *chashaq* is "setting love or value upon." Clearly this is an imputation of value, a valuing process that occurs only in the mind of the one doing the beholding. Could the meaning be more obvious?

But even more obvious are the use of words such as *arak* (Lev. 27:12, 14) and *mikcah* (Lev. 27:27) and *timao* (Matt. 27:9).

*Arak* means to set in a row, to arrange in order, to compare, to esteem, to estimate, or to value.

*Mikcah* means to make an enumeration or a valuation.

And *timao* means to prize, to fix a valuation upon, to revere, or to honor. Again, the clear meaning is that of a *subjective* estimation or valuation that is imputed.

The careful use of these words in both the Old and the New Testament should have served as useful clues to anyone who made a serious attempt to relate biblical truth to the solving of the "value problem" which evaded solution by the Classical economists. The fact that Classical economists settled on an erroneous "labor theory of value" serves

to indicate that none seriously used the Bible as a benchmark against which to evaluate his study of economic science.

I point these things out, not to second guess eminent economists who are long dead and who made great strides in helping develop the science called economics, but rather to show that the light found in God's revealed Word really and truly has something worthwhile to say to economic practitioners both in the area of *positive* economics and in *normative* economics. It only makes good sense for the searcher of truth to make use of every tool provided by God; and the economist who overlooks any source of light, especially that of the Bible, does so at his own risk.

## SOCIAL JUSTICE\*

FRANCIS E. MAHAFFY

The advocates of what is called social justice conceive of it as relating primarily to the economic status of the individual. It is unjust, in their view, for some to have great wealth while others have only the bare essentials. It is unjust for the price, rent, or interest rate to be "too high." Profits are often accepted as necessary though it is unjust for them to be "excessive." Private property is not usually condemned in toto by these writers, though many of them class it as a necessary evil.

An excessive amount of private property, however, is generally condemned as unjust and a warrant for the increasing interventions of the welfare state.

Many people advocate social justice from religious motives. Some religious people have made the illogical jump from the need to manifest a loving concern for those in physical need to the advocacy of political means to accomplish this end. Professor Brown writes:

If any man is hungry, this is both a religious and a political concern, and out of a religious concern for one created in God's image, political means must be devised for ensuring that everyone gets enough bread—which is a suitable enough definition of the art of politics.<sup>1</sup>

Such thinking is on a level with alchemy. Bread—meaning all the economic production by which men's creaturely needs are supplied—can be legislated into scarcity. But legislation cannot produce bread, any more than incantations can produce gold.

When the matter is examined, it is obvious that this concept of social justice is destructive of real justice. By prefixing the adjective "social" to the concept of justice the result is a destruction of proper justice and a perversion of true social concern. Social concern or fraternity is the responsibility of the individual and of voluntary associations of individuals. It often springs from religious or humanitarian motives. But it loses its religious significance and changes its nature the instant it becomes a

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\*Reprinted from *The Freeman* (September, 1963), published by the Foundation for Economic Education, Irvington, N.Y. 10533.

1. Robert McAfee Brown, *The Spirit of Protestantism* (Oxford, 1961), p. 202.



political matter. It is a human and religious duty to care for one's parents, to support the sick, and to alleviate suffering and famine. This duty is always in the realm of private and personal relationships and can never be properly effected by impersonal political means. This state cannot love our parents; it cannot clothe the naked and visit the fatherless and widows in their affliction as commanded by Christ. All it is able to do is to use the arm of force to redistribute income.

This personal concern and sympathy that leads to material and spiritual help to the afflicted and needy is not a matter of justice; it is in the realm of the spirit, not of the law. The beggar on the streets of an Eastern city does not have a "just" claim upon our alms. The leper in an African hut does not have a "right" to the services of the medical missionary or to the medicines sent by charitable Christians. The help given lies in the realm of charity, and charity is no longer charity if it ceases to be voluntary. It is unfortunate that some Africans and Asians are unable to properly clothe and feed their children or to earn wages of more than five cents an hour, but it is not necessarily a matter of injustice.

Love and sympathy for those in need is an obligation laid upon the Christian, but to invoke coercive political action to accomplish this distorts Christianity. Political implementation of religious duty removes material assistance from the realm of love to that of force and makes a mockery of Christian charity. The term "social" as it is used by some people to describe the fraternity that should exist among men is a term that loses its meaning when it is conceived of as the demand of justice rather than as the fruit of love.

### *Justice vs. Charity*

The term "justice" should not be confused with "charity." Justice, unlike charity, is the province of the state. Justice is blind. It guards the property and protects the life of all alike. It does not discriminate between people. The economic status, religion, color, or personality of the individual is of no concern to justice. Justice is the execution of the law which treats all men equally. In its exercise the state has the monopoly of the use of force. The one who resorts to violence of one kind or another in his dealings with his fellow men—the murderer, the thief, or the contract breaker—is the recipient of the justice wielded by the power of the state. The state has the power of the sword to execute justice.

Some feel that this idea of justice is a cold, heartless concept. They want the state to produce social and economic justice as well. They want justice to include a more equal distribution of the goods of this

world. They want charity and sympathy to be effected by the power of the law. In the process of broadening the meaning of justice to include these political activities, real justice is destroyed. The use of force to take from some to give to others is the very opposite of justice. Economic equality or economic redistribution cannot be effected by force apart from an unequal, and thus unjust, treatment of individual citizens. When this becomes the policy of the state, justice no longer prevails. The adjective "social" destroys the noun "justice."

Nor may the concept of justice be broadened to include a just price or wage. Economic remuneration is not given on the basis of the intrinsic worth of a person but rather on the basis of a man's evaluation of the specific services rendered by another. This subjective evaluation may differ widely in individuals. One writer describes a contributor to *The Freeman* as the world's outstanding economist, while another thinks the contributors to this journal expound the cause of a decadent liberalism. It is not a matter of injustice that consumers evaluate a vulgar Hollywood production more highly than a work of fine art, or the comic sheets than the works of Shakespeare. This lies within the realm of subjective value judgments and tastes which are not the province of the state or of justice to regulate. When the state determines the economic remuneration of its citizens through control of prices, wages, and other means, this remuneration usually favors those who support the regime. This is not justice but legal plunder.

### *The Restricted Use of Force*

Contrary to popular opinion, it is only by restricting the state to the administration of justice and the securing of individual liberty that proper scope can be given to social concerns. When the state takes over the sphere of charity and seeks to replace personal love and sympathy with impersonal, mechanical redistribution by force, the individual and voluntary associations of individuals are no longer able properly to fulfill their religious obligation in this sphere. When the financial and medical care of our aging parents becomes a matter of supporting them by taxes from everybody with a large fee removed for administration costs in the process, it becomes increasingly difficult for children to show filial love and care for their parents in obedience to the divine injunction. When excessive taxes are used to support the advance of socialism in Africa and South America through our government-to-government foreign aid, the individual is deprived of a considerable amount of his means for the voluntary support of charity. Private colleges and schools, hospitals, and other works of philanthropy and charity suffer as a result.

When the state assumes the task of promoting social justice, it leads to

conflict on the part of various groups and individuals to get their hands on this "economic justice." Subsidies are disbursed in terms of political power; seldom is there concern with the character of the individual recipient. Voluntary charity, on the other hand, is highly discriminating. While charity may be given to those whose plight is the result of their own dissipation, folly, or sin, yet it is usually given with care and from a personal knowledge of the circumstances of the individual recipient. Private charity tends to encourage thrift and virtue while distribution by the power of the state, as is becoming ever more evident, encourages vice and indolence. Why should a man seek a job when he can receive sufficient relief from the government while unemployed? Why should mothers of illegitimate children change their habits when they are paid in proportion to the number of offspring they bear and all stigma is removed? The distribution by force leads to the idea on the part of the recipient that what he gets is his due. W. G. Sumner has well said:

The yearning after equality is the offspring of envy and covetousness, and there is no possible plan for satisfying that yearning which can do aught else than rob A to give to B; consequently, all such plans nourish some of the meanest vices of human nature, waste capital, and overthrow civilization.<sup>2</sup>

Only when the state is restricted to the administration of justice, and economic creativity thus freed from arbitrary restraints, will conditions exist for making possible a lasting improvement in the welfare of the more miserable peoples of the world. It is often this very lack of justice in the poorer countries that keeps the people in their low economic state. An English economic advisor to an African state was shocked at the prevalent low wages and succeeded in securing a minimum wage law for the land. The result was that thousands of workers who had earned forty to fifty cents a day were put out of work. Only the more efficient and essential workers remained and the whole economy suffered. It had been interventions in the market by the government, a lack of justice, that had kept the wages down in the first place by preventing capital accumulation and investment. Further intervention, in the form of the minimum wage law, only aggravated the situation, removing the one chance many had for some economic improvement. Were justice present in these lands, there would be no shortage of investment capital, for there would then be no fear of unjust confiscation or nationalization. Justice is the one condition that will lead to economic improvement. Where there is little justice, there is little charity. Only where there is justice and freedom will there be the opportunity for extensive charity.

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2. William Graham Sumner, *What Social Classes Owe to Each Other* (Caldwell, Idaho: Caxton, 1952), p. 145.

When seen in its proper light, it is genuine social concern, sympathy for the less fortunate, and love for his fellow man that prompts the advocate of limited government to seek to restrict the state to the province of justice. It is because he realizes that the only true and adequate charity, fraternity, or social help springs from individual loving concern for another that he wants this sphere free from political control. He opposes the concept of social justice because he wants true justice and because he wishes to see economic and social improvement in the world. He is convinced that economic improvement cannot be effected by coercive redistribution but will follow justice and freedom. He recognizes that charity and fraternity cannot be legislated; to attempt to do so is to destroy them. It is because of his concern for justice as well as his concern for social improvement that he objects to the distortion involved in the concept of social justice. He agrees with the words of Frederic Bastiat:

Governments never take any action which does not rest upon the sanction of force. Now, it is permissible to compel a person to be just, but not to force him to be charitable. The law, when it seeks to get action by force where morality brings it about by persuasion, far from elevating itself into the domain of Charity, falls into the field of Spoliation. . . .

The proper domain of law and of government is justice.<sup>3</sup>

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3. Frederic Bastiat, "Justice and Fraternity," first published in the *Journal des Economistes* (Paris, June, 1848).

# THE CAUSES OF INFLATION

HANS SENNHOLZ

It is not money, as is sometimes said, but the depreciation of money—the cruel and crafty destruction of money—that is the root of many evils. For it destroys individual thrift and self-reliance as it gradually erodes personal savings. It benefits debtors at the expense of creditors as it silently transfers wealth and income from the latter to the former. It generates the business cycles, the stop-and-go, boom-and-bust movements of business that inflict incalculable harm on millions of people. For money is not only the medium for all economic exchanges, but as such also the lifeblood of the economy. When money suffers depreciations and devaluations, it invites government price and wage controls, compulsory distribution through official allocation and rationing, restrictive quotas on imports, rising tariffs and surcharges, prohibition of foreign travel and investment, and many other government restrictions on individual activities. Monetary destruction breeds not only poverty and chaos, but also government tyranny. Few policies are more calculated to destroy the existing basis of a free society than the debauching of its currency. And few tasks, if any, are more important to the champion of freedom than a sound monetary system.

Inflation is simply the creation of new money by monetary authorities. In more traditional usage, it is that creation of money that visibly raises goods prices and lowers the purchasing power of money. It may be creeping, trotting, or galloping, depending on the rate of money creation by the authorities. It may take the form of “simple inflation,” in which case the proceeds of the new money issues accrue to the government for deficit spending. Or it may appear as “credit expansion,” in which case the authorities channel the newly created money into the loan market. The government may even balance its budget, but in order to stimulate business and promote full employment, it may inject new credits into the banking system. The central bank can do this by purchasing government debt certificates from private citizens. Both forms are inflation in the broader sense and as such are willful and deliberate policies conducted by government.

Ours is the age of inflation.<sup>1</sup> All national currencies have suffered serious depreciations in our lifetime. The British pound sterling, the shining example of hard money for one hundred years, has lost almost 90 percent of its purchasing power and has suffered four devaluations since 1931. The powerful U.S. dollar of yesteryear has lost at least two-thirds of its purchasing power and continues to shrink at accelerating rates. In the world of national currencies there have been nearly 1400 full or partial devaluations since World War II. Many currencies have suffered total destruction and their replacements are eroding again.

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To inquire into the causes that induce governments the world over to embark upon such monetary policies is to search for the monetary theories and doctrines that guide their policy makers. Ideas control the world, and monetary ideas shape monetary policies. Several distinct economic and monetary doctrines have combined their forces to make our age one of inflation. One doctrine in particular enjoys nearly universal acceptance, and every government the world over is guided by its principles. This is the doctrine that *government needs to control the money*.

Even champions of private property and individual freedom stop short at money. They are convinced that money cannot be left to the vagaries of the market order, but must be controlled by government. Money must be supplied and regulated by government or its central bank. That money should be free is inconceivable to twentieth-century man. He depends on government to mint his coins, issue his notes, define "legal tender," establish central banks, conduct monetary policy, and then stabilize the price level. In short, he completely relies on government to provide him with money. But this trust in monopolistic monetary authority, which itself is the product of political processes, inevitably gives rise to monetary destruction. In fact, money is inflated, depreciated, and ultimately destroyed wherever government holds monopolistic power over it.

Throughout the history of civilization, governments have been the chief cause of monetary depreciation. It is true, variations in the supply of metallic money, due to new gold and silver discoveries, occasionally affected the value of money. But these changes were rather moderate when compared with those caused by government coin debasements or note inflations. Especially since the rise of statism and the "redistributive society," governments all over the world have embarked upon unprecedented inflations, the disastrous effects of which can only be sur-

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1. Cf. Jacques Rueff, *The Age of Inflation*, Gateway Editions (Chicago: Henry Regnery Company, 1964).

mised. To entrust our money to government is like leaving our canary in trust with a hungry cat.

From the Roman caesars and the medieval princes to contemporary presidents and prime ministers, their governments have this in common: the urgent need for more revenue. The large number of spending programs as, for instance, war or preparation for war, care of veterans and civil servants, health, education and welfare, urban renewal, etc., places a heavy burden on the public treasury, which is finally tempted to provide the necessary funds through currency expansion. True, government at first may merely endeavor to tax wealth and income. Without income of its own it may derive its spoils and benefits from wealthy producers. It may "tax Peter to pay Paul." But this very convenient and popular method of government support is practically exhausted when Peter's income tax reaches one hundred percent. At this point any additional revenue is obtained either from raising everyone's taxes or from currency expansion. But the former is rather unpopular and therefore inexpedient politically. To win elections the taxes may even be lowered and the inevitable deficits covered through currency creation, that is, inflation.

The first step towards full development of this source of revenue was the creation of a *government monopoly of the mint*. To secure possession of the precious metals that circulated as coins the sovereign prohibited all private issues and established his own monopoly. Minting became a special prerogative of the sovereign power. Coins either carried the sovereign's own picture or were stamped with his favorite emblems. But above all, his mint could now charge any price for the coins it manufactured. Or it could reduce the precious metal content of the coins and thus obtain princely revenues through coin debasement. Once this prerogative of sovereignty was safely established, the right to clip, degrade, or debase the coinage was no longer questioned. It became a "crown right" that was one of the chief sources of revenue.<sup>2</sup>

A second essential step towards gradual debasement of the coinage was the *separation of the name of the monetary unit from its weight*. While the original names of the coins designated a certain weight and thus afforded a ready conception of their gold or silver contents—to wit, pound, libra or livre, shilling, mark, etc.—the new names were void of any reference to weight. The pound sterling was no longer a pound of fine silver, but anything the sovereign might designate as the national monetary unit. This change in terminology widely opened the door to coin debasement.

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2. Cf. Elgin Groseclose, *Money and Man* (New York: Frederick Unger Publishing Co., 1961), p. 55 *et seq.*

The third step towards full government control over the people's money was the passage of *legal tender laws*, which dictate to people what their legal money can be. Such laws are obviously meaningless and superfluous wherever the ordinary law of contract is respected. But where government wants to issue inferior coins or depreciated paper notes it must use coercion in the form of legal tender legislation. Then it can circulate worn or debased coins side-by-side with the original coins, falsify the exchange ratios between gold and silver coins and discharge its debt with the over-valued coins, or make payments in greatly depreciated fiat money. In fact, once legal tender laws were safely established, debt repudiation through monetary depreciation could become one of the great inequities of our time. Contemporary jurisprudence and jurisdiction were utterly paralyzed in their defense and administration of justice once they accepted legal tender laws. A debt of a million gold marks thus could be legally discharged with one million paper marks that bought less than one U.S. penny. And a government debt of fifty billion 1940 dollars can now be paid or refunded with a 1971 dollar issue that is worth less than one-third of the original amount. With the blessings of the courts of justice, millions of creditors can now be swindled out of their rightful claims and their property legally confiscated.<sup>3</sup>

But absolute government control over money was established only when money substitutes in the form of *paper notes and demand deposits* came into prominence. As long as governments had to make payments in commodity money, inflationary policies were limited to the primitive methods of coin debasement. With the advent of paper money and demand deposits, however, the power of government was greatly strengthened, and the scope of inflation vastly extended. At first, people were made familiar with paper money as mere substitutes for money proper, which was gold or silver. Government then proceeded to withdraw the precious coins from individual cashholdings and concentrate them in its treasury or central bank, thus replacing the classical gold-coin standard with a gold-bullion standard. And finally, when the people had grown accustomed to paper issues, government could deny all claims for redemption and established its own fiat standard. All checks on inflation had finally been removed.

The executive arm of government that conducts the inflation usually is the *central bank*. It does not matter who legally owns this bank, whether private investors or the government itself. Legal ownership always becomes empty and meaningless when government assumes total

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3. Ludwig von Mises, *Human Action* (New Haven: Yale University Press, 1949), pp. 432, 444.



control. The Federal Reserve System, which is legally owned by the member banks, is the monetary arm of the U.S. Government and its engine of inflation. It enjoys a monopoly of the note issue which alone is endowed with legal tender characteristics. Commercial banks are forced to hold their reserves as deposits with the central bank, which becomes the "banker's bank" with all the reserves of the country. The central bank then conducts its own inflation by expanding its notes and deposits while maintaining a declining reserve ratio of gold to its own liabilities, and directs the bank credit expansion by regulating the legal reserve requirements the commercial banks must maintain with the central bank. Endowed with such powers, the central bank now can finance any government deficit either through a direct purchase of treasury obligations or through open-market purchases of such obligations, which creates the needed reserves for commercial banks to buy the new treasury issues.

The final step towards absolute government control over money, and its ultimate destruction, is the *suspension of international gold payments*, which is the step President Nixon took on August 15, 1971. When a central bank is hopelessly overextended at home and abroad, its currency may be devalued, which is a partial default in its international obligations to make payment in gold, or, in an outburst of abuse against foreigners and speculators, the government may cease to honor any payment obligation, as in the case of the U.S. default. All over the world government paper now forms 120 national fiat standards that are managed and depreciated at will.

Our age of inflation was thus gradually ushered in. The decline of monetary freedom and the concomitant rise of government power over money gave birth to the age of inflation. Step by step, government assumed control over money, a power which not only is an important source of government revenue but also a vital command post over our economy. This is why we live in an age of inflation. Only monetary freedom can impart stability.<sup>4</sup>

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We deny the popular contention that a managed money can ever be stable even when managed by honest, noble, and knowledgeable government agents. "If nations could somehow muster the will," writes the *Wall Street Journal* ("Review and Outlook," Sept. 17, 1971), "there's no inherent reason why managed money can't be managed well, even if

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4. Cf. Ludwig von Mises, *The Theory of Money and Credit* (FEE, 1971), pp. 413 *et seq.*; Murray N. Rothbard, *Man, Economy, and State* (Princeton: D. Van Nostrand Co., 1962), p. 661 *et seq.*; also his concise *What Has Government Done to Our Money?* (Pine Tree Press, 1963).

it's only paper." Surely the *Journal* and many other newspapers would not want to be managed by the U.S. Government. But they do not hesitate to proclaim government-managed money as the "best monetary system," while denouncing the gold standard and monetary freedom as "the second-best." While we sympathize with hope that springs eternal even after thirty years of continuous inflation and mismanagement, we do not share their great faith in the political management of money.

In fact, even the noblest politicians and civil servants can no longer be expected to resist the public clamor for social benefits and welfare. The political pressure that is brought to bear on democratic governments is rooted in the *popular ideology of government welfare and economic redistribution*. It inevitably leads to a large number of spending programs that place heavy burdens on the public treasury. By popular demand, weak administrations seeking to prolong their power embark upon massive spending and inflating in order to build a "new society" or provide a "better deal." The people are convinced that government spending can give them full employment, prosperity, and economic growth. When the results fall far short of expectations, new programs are demanded and more government spending is initiated. When social and economic conditions grow even worse, the disappointments breed more radicalism, cynicism, nihilism, and above all, bitter social and economic conflict. And all along, the enormous increase in government spending causes an enormous increase of taxes, chronic budget deficits, and rampant price inflation.<sup>5</sup>

The "redistributive" aspirations of the voting public often induce their political representatives in Congress to authorize and appropriate even more money than the President requests. Such programs as social security, medicare, anti-poverty, housing, economic development, aid to education, environmental improvement, and pay increases for civil servants are so popular that few politicians dare to oppose them.

The government influences personal incomes by virtually every budget decision that is made. Certainly its grants, subsidies, and contributions to private individuals and organizations aim to improve the material incomes of the beneficiaries. The loans and advances to private individuals and organizations have the same objective. Our foreign aid program is redistributive in character, since it reduces American incomes in order to improve the material condition of foreign recipients. The agricultural programs, veteran benefits, health, labor, and welfare expenditures, housing and community development, federal expenditures on education, and

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5. Henry Hazlitt, *Man vs. The Welfare State* (New Rochelle, N. Y.: Arlington House, 1969), p. 57 *et seq.*

last, but not least, the social insurance and medicare programs directly affect the incomes of both beneficiaries and taxpayers. As the benefits are generally not based on tax payment, but rather on considerations of social welfare, these programs constitute redistribution on a nationwide scale. Foreign aid programs have extended the principle of redistribution to many parts of the world.

Whenever government expenditures exceed tax collections, and the government deficit is covered by currency and credit expansion, we suffer monetary inflation and its effects. The monetary unit is bound to depreciate and goods prices must rise. Large increases in the quantity of money eventually induce people to reduce their savings and cashholdings which, in the terminology of mathematical economists, increases money "velocity" and reduces money value even further. It is futile to call these people "irresponsible" as long as the government continues to increase the money stock.

A very potent cause of inflation is the unrelenting wage pressure exerted by labor unions. It is true, labor unions do not *directly* enhance the quantity of money and credit and thus cause the depreciation. But their policy of raising production costs inevitably causes stagnation and unemployment. This is why the union strongholds are the centers of unemployment. Faced with serious stagnation, the labor leaders are likely to become spokesmen for all schemes of easy money and credit that promise to alleviate the unemployment plight. The democratic government in turn does not dare to oppose the unions for political reasons. On the contrary, it does everything in its power to reduce the pressure which mass unemployment exerts on the union wage rates. It grants ever larger unemployment benefits and embarks upon public works in the depressed unionized areas. At the same time it expands credit which tends to reduce real wages and therefore creates employment.

The demand for labor is determined by labor costs. Rising costs reduce the demand, falling costs raise it. Inasmuch as inflation reduces the *real* costs of labor, it actually creates employment. When goods prices rise while wages stay the same, or prices rise faster than wages, labor becomes more profitable to employers. Many workers whose employment costs heretofore exceeded their value productivity and, therefore, were unemployable, now can be profitably re-employed. Of course, this employment-creating policy is then counteracted by the unemployment factors, such as rising minimum wage rates, higher unemployment benefits and welfare doles, and rising union wage scales and fringe benefit costs. In many industries the labor unions have introduced "cost-of-living clauses" that aim to prevent the decline of real wages through monetary depreciation. Or their wage demands take into consideration the rising

rates of monetary depreciation. Their demands may become "exorbitant," their strikes longer and uglier, and the economic losses inflicted on business and the public ever more damaging until businessmen clamor for government wage controls. With wage controls come price controls and the whole paraphernalia of the command system.

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To give "scientific" justification to the policy of inflation, a host of contemporary economists have developed intricate theories, commonly known as the *new economics*. Basically, they all ascribe to government the magic power of creating real wealth out of nothing, of raising the "national income" through minute efforts of the central bank and its printing presses.

Most parts of the free world conduct monetary and fiscal policies in accordance with the doctrines expounded by the most famous economist of the twentieth century, *John Maynard Keynes*. His *General Theory of Employment, Interest, and Money* (1936) is the most influential economics book of the present era. For almost forty years it has shaped governmental economic policies.

According to the Keynesian system, instead of waiting for real wages to fall and thus achieve full employment, monetary and fiscal policy should be used to increase aggregate demand. This can be achieved in a number of ways. First, the quantity of money in circulation may be increased. Interest rates would then fall, investment would increase, and income would rise until full employment would be reached. For, in Keynes's system, aggregate demand determines employment which in turn determines real wages.<sup>6</sup>

But, according to Keynes, monetary policy may not be entirely effective. When the stock of money is increased the "velocity" may decline as the people may be willing to hold the larger stock, merely preferring greater liquidity. Under such circumstances, the government must invest directly in various public works in order to cure the unemployment. Fiscal measures, that is, government spending accompanied by tax cuts, are called for.

Government investments enjoy the characteristic of the "multiplier," that is, they generate an increase in income that is the multiple of the original injection of government spending. As disposable income is raised, consumption, which is a function of income, is stimulated according to the marginal propensity to consume. Thus, if the government in-

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6. Cf. Alvin H. Hansen, *A Guide to Keynes* (New York: McGraw-Hill, 1953), pp. 21-22.

creases its investment by \$1 billion, income will rise by \$1 billion multiplied by the multiplier.

What a marvelous world of fancy! Government spending multiplies the people's income. But where is the money that government is supposed to spend coming from? From its own printing presses! The Keynesian remedies for unemployment can all be summarized in a single term: inflation. Of course, Lord Keynes denied that. Inflation means rising prices. It supposedly occurs only whenever the sum of consumption, investment, and government expenditures exceeds the full employment capacity of the national economy. In this case, government would merely have to reduce aggregate demand through fiscal and monetary policy.

Among the American economists who pioneered the Keynesian cause and clarified and expanded the Keynesian framework is *Alvin H. Hansen*.<sup>7</sup> As one of the most outspoken opponents of balanced budgets he developed the thought of compensatory finance through contra-cyclical debt expansion and tax reductions. Internally held government debt is no burden on the economy as interest payments are paid to ourselves. Government therefore should finance its compensatory full-employment projects with debt rather than taxes. But the effects of this deficit spending would depend on who buys the government obligations. In the hands of the central bank that can print the money, government debt certificates are highly "expansionary"; in the hands of individuals who must forego other expenditures, they may have little net effect on total spending. Therefore, Hansen generally preferred central bank financing.

The economist who mirrors the political and economic views of most American economists today is *Paul Samuelson*. His influence on American economic policy has been felt ever since he advised President Kennedy in the early 1960's. According to Samuelson, government has a clear responsibility to actively ensure full employment and economic stability. No given formula—simple or complex—can achieve it. Every situation must be judged within its own particular environment. His tool for the formulation of modern policy is the Phillips Curve, which reveals a temporarily inverse statistical relation of increasing prices (inflation) and the unemployment rate, and the "menu" of alternatives for monetary and fiscal policy. (The economic events of 1973-74 have tarnished the reputation of this curve.) Samuelson encourages governments to conduct "activist" fiscal policies. To stimulate a sluggish economy both government spending should be expanded and taxes be cut. But when the in-

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7. *Monetary Theory and Fiscal Policy* (New York: McGraw-Hill, 1949); *Business Cycles and National Income* (New York: W. W. Norton & Co., 1951); and *A Guide to Keynes*.

flationary pressures from government expenditures begin to be felt the taxes should be increased again. Both the tax cut of 1964 and the surtax of 1968 were motivated by such considerations.<sup>8</sup>

Perhaps the most important contribution to the Keynesian system was made by *Abba P. Lerner*. As author of the theory that government fiscal policy can be used to fine-tune the economy and thus assure full employment at all times, he became one of the most influential economists of our time. His theory of "functional finance" has become a standard tool in the armory of government finance, aiming to keep aggregate demand always on the full employment level. The theory reduces all government actions to one or more of six basic elements: to buying and selling, spending and taxing, lending and borrowing. If the rate of aggregate spending is deficient for assuring full employment, the government may buy goods or services, increase its spending, or lend money for either consumption or investment. If aggregate spending is excessive the process may be reversed.

When, during the 1950's and 60's, inflation existed side by side with unemployment, which obviously contradicted the Keynesian recipes, Abba Lerner came to the rescue. This is a "sellers' inflation and administered depression," he explained. Monopolies, trade unions, and government controls prevent the market from determining wages and prices. Where monetary and fiscal measures are thus rendered ineffective, it is time to impose "price regulation." This regulation, which differs from price control, would manipulate wages and prices in accordance with productivity increases and the existence of surpluses or shortages.<sup>9</sup>

As the most popular of all Keynesian economists, *John Kenneth Galbraith* succeeded in bringing the new economics to the New Frontier generation. Two of his books—*The Affluent Society* and *The New Industrial State*—are all-time best sellers in popular economics and are studied in hundreds of colleges. As the leading social critic in American life, he summarily rejects "conventional wisdom" and attacks nearly all the accepted doctrines of traditional economics. He insists that the basic values of society must be changed. As the state, which is essentially an arm of the industrial system, cannot be expected to provide the needed public goods, Galbraith calls on the intellectual community to effect the change. "What counts is not the quantity of our goods but the quality

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8. Joseph Stiglitz, ed., *The Collected Scientific Papers of Paul A. Samuelson* (Cambridge: M.I.T. Press, 1966); *Economics*, 8th ed. (New York: McGraw-Hill, Inc., [1947] 1970).

9. Cf. A. P. Lerner, *Essays in Economic Analysis* (London: Macmillan & Co., Ltd., 1953); "A Program for Monetary Stability," in *Proceedings, Conference on Savings and Residential Financing* (Chicago, 1962).

of life.”<sup>10</sup> Therefore, price controls should be imposed not just to suppress managed prices, but also assure the realization of more desirable social goals.

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In the U.S. these champions of the new economics are involved in a heated debate with the *monetarists* of the Chicago School. In an age of Keynesian supremacy, the Chicago economists are finally being heard not only in the American academy but also by monetary authorities. Thanks to the indefatigable efforts of Prof. Milton Friedman, the debates on the techniques of fine-tuning and functional finance have given way to discussions on the importance of money and monetary policy. And yet, in spite of their noisy altercations with the Keynesians, the monetarists are mentioned here for contributing their weight to the forces of inflation.

We find them guilty of all three charges made in this essay: (1) The monetarists are vocal foes of monetary freedom in any form. They favor government monopoly of the mint and irredeemable paper money, legal tender legislation, and central banking. (2) They are stoking the fires of government welfare and economic redistribution with their proposal of a “negative income tax,” that is, a guaranteed income floor for everybody. This may be the most ominous welfare scheme ever devised. And (3) while the Keynesians seek cyclical stabilization through fiscal fine-tuning, the monetarists aim at long-term stabilization through constant, steady monetary expansion. Both fiscalists and monetarists agree on the need for stabilization of the market order. Both reject the gold standard and its discipline, and both proffer their own plans for expanding the stock of money.<sup>11</sup>

It is true the Chicagoans would not resort to inflation rates of ten to fifteen percent annually which our Keynesian managers are so prone to pursue. They seek long-term stabilization through a steady three to five percent expansion of the money supply. But such a policy would suffice to generate some malinvestments and maladjustments that later necessitate readjustments in the form of recessions. Every case of credit expansion, from one percent to one hundred percent, generates booms and

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10. *The New Industrial State* (Boston: Houghton Mifflin Co., 1967), p. 80; cf. also *The Affluent Society* (Boston: Houghton Mifflin Co., 1958); *American Capitalism* (Boston: Houghton Mifflin Co., 1925); *Economic Development* (Cambridge, Mass.: Harvard University Press, 1962).

11. Milton Friedman, *Studies in the Quantity Theory of Money* (Chicago: University of Chicago Press, 1956); *A Program for Monetary Stability* (Chicago: University of Chicago Press, 1953); *Essays in Positive Economics* (Chicago: University of Chicago Press, 1953); *The Optimum Quantity of Money and Other Essays* (Chicago: Aldine Publishing Co., 1969); Milton Friedman and Anna Schwartz, *A Monetary History of the United States, 1867–1960*, Nat'l Bureau of Economic Research (Princeton University Press, 1963).

recessions. The magnitude of maladjustment does not deny its effects; it merely affects the severity of the necessary readjustment. Economic production is distorted in every case. The monetarists misinterpret the business cycle and therefore are bound to offer false policy guides for economic stability. In fact, they have no business cycle theory at all, merely a prescription for government to "hold it steady." It is all very simple: recessions are caused by lack of money and inflations by excessive money supplies. The central banker who suffers monetary contractions is the culprit of it all.

As, a generation ago, the economics of the Chicagoan mentors such as Alfred Marshall, Ralph G. Hawtrey, and Irving Fisher was superseded by the new economics of John Maynard Keynes, Alvin H. Hansen, and Abba P. Lerner, so is the new neoclassicism of the Chicago School destined to surrender to more radical monetary doctrines. After all, it puts government in charge of money and economic stability, and then prescribes policies that can only generate and prolong the business cycles. The failure of monetarist policies inevitably breeds more demands for government intervention.

Both the fiscalists and monetarists are unanimous in their condemnation of the gold standard, which to them means domination by "external forces" and denial of national independence in economic policies. Of course, the "independence" they so jealously uphold is tantamount to government control over money matters. Both want "fiat money," that is, government money without restraint by a commodity, such as gold. It is true, the monetarists would not deny us the freedom to buy and hold gold coins or bullion. But they know very well that the legal tender laws that support the fiat standard deny us the right to use gold exclusively in economic exchanges, which relegates all coins to hoards and coin collections.

Only free money is sound money. This is why we are suspicious of any and all proposals that would enhance the power of government over money. A currency reform, whether domestic or international, that does not endeavor to dismantle this power, cannot provide monetary stability. It is destined to lead to more inflation and depreciation, to economic upheaval and decline. Sound money means the gold-coin standard; it makes the value of money independent of government as the quantity of gold is independent of the wishes and manipulations of government officials and politicians. It needs no "rules of the game," no arbitrary rules people must learn or government must observe. It is born in freedom and follows inexorable economic law.<sup>12</sup>

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12. Hans F. Sennholz, *Inflation or Gold Standard* (Lansing, Mich.: Constitutional Alliance, Inc.).



# THE PROBLEM OF UNEMPLOYMENT\*

D. ADIE

Full employment in the economy does not refer to a situation in which everyone who is currently available for productive effort is employed. Young children and the very old do not work and are not expected to work. Some people do not want to work, and others are either physically or mentally incapable of performing many kinds of tasks. Permanent welfare recipients are not included in labor force statistics. Millions of housewives also are not in the paid labor force, while a large number of people both young and old are attending school. Therefore, full employment as the term is currently used is not a situation in which there is a job for everyone in the economy and everyone available is working.

In a dynamic economy with a mobile labor force, one should not expect everyone in the labor force to be employed at the same time. Some will be quitting, while others are being discharged from their jobs or taking on new jobs. Many skilled people do not accept the first job offered because they are looking for something better. When a job does not measure up to one's expectations, he continues searching until he either finds the kind of job he is looking for or his expectations fall to meet the jobs being offered. Hence, with reassessment of old jobs and considerations of possible new jobs there is a constant flow of people from job to job.

The *unemployment rate* is the statistic which measures the degree of *mobility* in the labor force. The way the unemployment rate is measured determines the unemployment figure and the meaning of the number. The unemployment rate is the total number unemployed as of a given date, divided by the labor force. The term "labor force" is defined as the sum of all persons reported by the census to be employed or unemployed during a specified week. Who are the employed and the unemployed in the labor force? The employed are all persons fourteen years or older who have

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jobs or businesses for pay or profit. This includes employers and the self-employed, unpaid family workers in a store who engage in productive effort and employees of non-profit enterprises and government agencies. The unemployed are defined as persons fourteen or older who have no jobs or businesses for pay or profit and are *seeking employment* during the survey week. They may be temporarily unavailable for productive effort due to sickness or vacation. They must, however, be seriously searching for a job.

The total unemployment figure ranges from about two to fifteen percent of the labor force, depending on the conditions of the economy—in a recession the rate runs about five to ten percent of the labor force; in the depression of the 1930's, it rose to twenty-five percent. If divided into broad sociological categories, approximately two to fifteen percent of the people in these labor force categories are unemployed at any one time, depending on age, color, sex, and business conditions. The unemployment figure is usually high among teenagers, non-whites, and women. Teenage workers change their jobs more frequently, since they are often searching for better jobs. The unemployment figure for teenage workers of both sexes is approximately twelve to fifteen percent; the unemployment rate for whites is about half that for non-whites. For women workers, the unemployment rate is generally fifty percent higher than for men. The lowest unemployment figure is for married white males of age twenty or over, which is one to two percent normally. While there is little distinction between skilled and unskilled workers in unemployment rates, it is quite low and stable for white-collar workers.

#### *The Source of Unemployment—Misunderstood Too Often*

Having noticed some pattern of unemployment among different groups of workers, what, then, are the causes of unemployment? To the detriment of a sound economy and an effective unemployment policy, unemployment has been viewed as a macroeconomic problem requiring monetary and fiscal stabilization policies, rather than a microeconomic problem. This view has gained in prominence since John Maynard Keynes; and the policy sins resulting from this view can for the most part be laid at his grave.

As a result of Keynes's influence, government expenditures have been used since the New Deal to play a role in reducing or eliminating unemployment. According to Keynes and his followers, the level of unemployment is determined by the total output in the economy, because the production of goods and services requires labor. Also, since increases in output are made in response to increases in the aggregate demand for goods and services, the level of total demand determines the level of output, which in turn determines the level of unemployment in the econ-

omy. So according to Keynes, unemployment exists because of *insufficient demand relative to the supply of labor* which results when total demand for goods and services from the private sector is insufficient to achieve full employment. If full employment is desired, Keynes said, the level of total demand must be increased. According to the Keynesian scenario, *government spending* comes to the rescue to fill the gap between the present aggregate demand from the private sector and that aggregate demand which is required to attain full employment.

On the basis of this Keynesian analysis, government expenditures were first used to "prime the pump." Initial expenditures were injected into the economy, it was thought, in order to get it going. Predictably, this failed to eliminate unemployment. In response, it is argued, Keynesian "pump-priming" during the depression under the Roosevelt Administration was too modest to bring about a recovery. According to Keynesians, it was not until the enormous military expenditures of World War II that the economy pulled out of the depression. But, since their experience with "pump-priming" did not bring about the desired effects and since they do not believe they can get public support for massive expenditures of a total war nature, Keynesians now propose that government expenditures be used as a *balance wheel*—such that when private expenditures fall or rise, government expenditures rise or fall to keep total expenditures stable. We should not be surprised to find that the policy of using the federal budget as a balance wheel to offset fluctuations in the economy has been equally ineffective in reducing the long-run unemployment rate.

Although the intention of federal spending programs was to mitigate recessions, their effect was to *aggravate the succeeding expansions*. This was due to the fact that once implemented, spending programs are not easily eliminated when the recession is passed and another expansion is under way. Hence, while the effect of the "balance wheel" in offsetting recessions is dubious, it has introduced an inflationary bias into government policy, has been responsible for the increase in government activities at the federal level, and has prevented a reduction in the burden of federal taxes.

On the basis of Keynesian analysis, the tax side could also have been used for stabilization purposes. A reduction in taxes during a recession or a rise in taxes during an expansion, was thought to be a mitigating influence on excessive business conditions. But it was not until March, 1964, when President Johnson signed the congressionally approved tax reduction bill providing for individual and corporate tax cuts amounting to more than \$10 billion, that this policy was used to increase GNP. In 1965 President Johnson further recommended a reduction in excise taxes to stimulate the economy and to reduce unemployment. In the light of many other factors which were at work at the time, it is dubious that this policy was respon-

sible for the desired effect. No tax increases were enacted to mitigate the 1965-68 inflationary boom, however. Politics prevailed over Keynesianism's balance wheel.

The widely held belief that increases in government spending relative to tax receipts are expansionary and decreases contractionary finds its pedigree in Keynesian analysis. It was Keynes who held that aggregate demand determines the level of employment in the economy and only a sufficiently large aggregate demand can maintain the economy at full employment. Although both private consumption and investment play a role in determining aggregate demand, according to Keynes, there must be a continued flow of investment to maintain full employment. When the investment slows down or stops, income falls off not only by the amount of decline in investment expenditures, but also by the induced decline in consumption. When this occurs, according to Keynes, there is unemployment.

Keynes's solution was *government deficit spending* to pick up the slack in business investment, since he believed that an increase in government expenditures would raise total income through the so-called *multiplier effect*. And this rise in total income would increase total demand which determined the level of employment. For example, suppose government expenditures rose by \$100 and taxes were left unchanged; through the simple multiplier process, according to Keynes, this \$100 of government spending would eventually add \$300 to national income, assuming a multiplier of 3. This reasoning seems appealing, but it ignores important questions concerning *how the expenditures are financed* and *what they are used to purchase*. For instance, where does the government obtain the \$100 to spend? If it borrows from the public by selling bonds, it leaves the stock of money unchanged, but it can do so only by offering a higher rate of return for bonds. A higher rate of return will also have to be paid by borrowers in the *private* sector too, and this will generally *discourage* private investment. In this way the increase in government expenditures will be offset by a decrease in private spending.

The next question is, what does the government purchase with the \$100? If it spends it on something the public would otherwise have bought, this leaves some private persons with \$100 more to use for other purposes which are less important to them and presumably have less value. Some of the \$100 of private expenditure which is replaced by the government expenditure may be saved. Therefore, the \$100 spent for those projects will displace some, if not all, of the \$100 the public was planning on spending for the same things. These examples suggest that a rise in government spending relative to tax receipts when financed by borrowing will be effective only if people are indifferent as to whether they hold bonds or money, so that bonds can be sold without having to offer a higher rate

of return to the lender; and if consumers are so stubborn about their spending plans that they will implement them no matter what else happens. Otherwise, a rise in government spending relative to tax receipts may not be expansionary but will be offset by a decline in private expenditures. Even if the excess of government expenditures over the decline in private spending is available for the multiplier to work on, it need not lead to an increase in real income, since prices are likely to rise in the process. So government spending cannot in general be used to increase aggregate demand or to lower the long-run level of unemployment.

*Keynes and F.D.R.*

Keynes accounted for the Great Depression of the 1930's by pointing to the collapse in the desire for new investments by business. The sharp decrease in their investment, according to him, was responsible for the reduced output, high unemployment, and the depression. According to Keynes, there was a high level of savings by the public during the 1920's; but this was matched by an equally high level of investment. Yet when the expected profitability of future investment fell, investment opportunities supposedly became temporarily exhausted, and the investment flow diminished. According to Keynes, since the public did not increase their savings accordingly, *the desired level of saving exceeded the desired level of investment* and resulted in *unemployment*. The recession started and led into the depression. Hence, Keynes proposed governmental fiscal policy to pick up the slack in business investment.

It should be noted, however, that at the beginning of the depression deficits were small and taxes were repeatedly raised, contrary even to Keynesian policy prescription. In fact the largest percentage increase of federal taxes in U.S. history, except for war periods, occurred with the Revenue Act of 1932. At the same time, systematic fiscal policy and monetary policy were nonexistent.

Roosevelt's early New Deal, however, implemented with a vengeance programs based on Keynesian-type policy—over two years prior to the publication of Keynes's *General Theory*. During the first 100 days of Roosevelt's administration in 1933, he pushed through Congress many programs in order to pull the economy out of the depression. Roosevelt believed that *deficit spending was the way*. The younger men in his Brain Trust were already proto-Keynesians (e.g., Alan Sweezy). In order to increase the purchasing power of the economy, Roosevelt first wanted to increase wage rates of the workers. Roosevelt believed that if wages were increased, workers would be able to buy more goods and services out of their increased income. If workers bought more, the increased demand

for goods and services would supposedly result in an increased demand for additional workers. At that time, the National Industrial Recovery Act was passed, and the National Recovery Administration was formed expressly to allow *collusion* among industries and to reduce and prevent “wasteful cutthroat competition,” i.e., prevent the restoration of free market price flexibility—the mechanism of economic adjustment. The NIRA also allowed for collective bargaining by employees. This right of labor to bargain collectively, i.e., to create state-enforced barriers to entry in certain labor markets, which was later replaced by the more extensive Wagner Act, served as a great impetus to the union movement, especially after it was declared constitutional by the Supreme Court in 1937.

The Commodity Credit Corporation and price support programs were also started at this time for farmers. The Commodity Credit Corporation was formed to make non-recourse loans to farmers with cotton as collateral. The farmers would be paid at a stipulated price, above the market price, by the Commodity Credit Corporation for their cotton, and they would not have to repay the loan. Price support programs were also started for the farming sector, but these also had unintended effects on the economy. The CCC simply took possession of the agricultural produce of defaulting farmers. This led to the so-called “agricultural surplus”—food stored by the federal government. (The program still exists.) Since the payment from the government depended directly on the size of the farm, *the richest farmers got the largest support from the U.S. Treasury and the poorest got the least*. This redistribution effect of the price support programs was *financed by consumers* who were paying prices which were considerably higher than what they would have paid without a farm program.

The Social Security Act of 1935 was especially designed to deal with unemployment programs. While arguments might be made pro and con for some aspect of this program, the fact of the matter is that it did not achieve its intended effect of reducing unemployment during the depression. And, of course, many of these policies are still with us today under very different circumstances.

### *Unemployment—The Natural Rate*

What is the natural rate of unemployment which public policy should seek? No one has confidently said what this natural rate is; but over the past ten years or more, the figure of four percent of the labor force has been used. This figure was used by Presidents Johnson, Kennedy, and Eisenhower, and their Councils of Economic Advisors. As a rough guide for political purposes, the natural rate has been said to occur where the number of unfilled job vacancies is just about equal to the number of

unemployed. The difficulty with this guide is that there are many more *job vacancies* than those that are listed and counted.

The average length of time between jobs for those who are changing jobs (or the average time it takes to get a job for those who are moving from school or housework to a job) is another measure of *mobility* in the labor market. The average time between jobs has been about five and one-half weeks. On October 20, 1969, four percent of the labor force, or 3.2 million persons, were unemployed. This meant that each week about 530,000 started to look for jobs and simultaneously about 530,000 each week found work—a sort of revolving-door effect. Of this 530,000, about one-fifth found work within a week, about three-fourths within a month, and all but one percent within six months. Hence, during the year, not 3 million but about 20 million people were unemployed at some time or other.

One major type of unemployment, which represents a substantial portion of our unemployment, is *structural* in nature—that is, it is a result of the *shifts in relative demand for labor*. The *adaptation* of workers and jobs (as relative demands for various products change with changing tastes) to new technological development and automation takes *time*. New skills arise, making the old skills obsolete, and hence the demands for them are not so great as they once were. These new skills change the relative value of each type of labor, and people whose services fall in value have to accept lower wages or shift to other jobs. Displaced workers who have difficulty in finding new jobs sometimes need to retrain or revise their job expectations downward. This takes time and so leads to structural unemployment based on shifts in relative demand and supply.

In addition to structural unemployment, there is *frictional* unemployment, which exists when persons take time to acquire *information* for better jobs. If, when the demand for a product decreased, productive inputs immediately shifted to other uses, there would be no unemployment and no “idle” resources. But such instantaneous shifts are not possible at zero costs because of the *information costs involved* in identifying workers and employers and bringing them together so that each can realize his best trading opportunities. Hence, a person engaged in acquiring this information for a better job is a part of the long-run normal unemployment called frictional unemployment. The *process of seeking information* about other jobs, in the belief that the other jobs are better, might be called “frictional use,” because time or unemployed labor is being used to improve trading opportunities in the labor market and to overcome “frictions” in the economy.

It has been argued since Keynes that the persistent unemployment we have in the economy is primarily *cyclical* in nature, depending therefore

on swings in aggregate demand. If the aggregate demand can be increased by our increase in consumption, investment, and government spending, then the level of business activity supposedly will rise, and so will the level of employment. Yet, as shown above, this analysis is inadequate. Further, although a low level of unemployment is desirable, it is unlikely that people would be willing to accept a policy which would reduce unemployment to three percent or lower, since it would be accompanied by increasing inflationary pressure.

It has been argued that in a tight labor market, employers tend to raise the wages of their best workers instead of looking for workers among the unemployed. On the other hand, if unemployment is high, this encourages employers to "hold the line" on the wages of the employed. This suggests that stable prices are accompanied by high unemployment and high prices and wages are associated with a rising employment. This *trade-off relationship between unemployment and price inflation* was recognized in what is called the *Phillips curve*. However, since 1965 unemployment and rising inflation have occurred at the same time, thus calling into question the usefulness of the curve as a policy tool.

The trade-off between unemployment and price inflation has *not* taken place because both are affected by people's *expectations of future price inflation*. It is the impact of changes in the *expected* rate of price inflation. (whether the expected rate exceeds the actual rate of inflation or whether the actual rate exceeds the expected) that has an important influence on the unemployment rate. In the short run, when the rate of growth of nominal aggregate demand is reduced, economic decisions will still be based upon the expectations of a higher wage rate and price level. When the expected rate of price inflation is higher than the actual rate, unions will still demand higher wages for their workers to protect their earnings from the expected continued inflation. Businesses likewise will increase prices to meet the wage demands. If the rate of growth of aggregate demand has in fact slowed down, the higher wages will result in reduced employment in the economy. It is the *gap* that develops between the *actual* and *expected* wage rates which induces unemployed individuals to reject current offers and remain unemployed in the hope of receiving higher offers. The unemployed "overinvest" in their job search, hoping for higher wages, thereby increasing the average duration of their unemployment. In this situation, unemployment and inflation coexist.

However, if the actual rate of price inflation exceeds its expected rate, the unemployed "underinvest" in their job search. The nominal value of wage offers rises more rapidly than expected, and the unemployed receive higher wage offers than they expect. The *failure to anticipate* the higher price inflation induces individuals to accept job offers in the search



process. *This decreases the duration of unemployment and the unemployment rate but does not increase economic welfare in the long run*, since workers who “underinvest” in their job search miss out on opportunities where their productivity is higher. To maintain the unemployment level below its long-run level requires an accelerating rate of price inflation which is persistently underestimated. But continuing price inflation increases the public’s willingness to pay higher prices in the present, thereby discounting more accurately the inflationary future. In short, the public catches on.

In Professor Milton Friedman’s presidential address to the American Economic Association in 1968, he said that there is no steady rate of price inflation that would reduce the average level of unemployment below its natural rate. By accelerating monetary inflation, one may be able to reduce unemployment for a little while, but it is impossible to maintain the lower rate of unemployment indefinitely without continued acceleration in the price level. If the rate of price inflation stabilized, people would become accustomed to the new rate, and unemployment would rise to its former level, natural level or even higher if the policy actions were abrupt.

Since Keynes, the Federal Government has attempted in its numerous programs to prevent, reduce, and ameliorate unemployment. Under the Employment Act of 1946, the administration is responsible for promoting maximum employment, production, and purchasing power in the economy. But to carry out its responsibility, the true sources of unemployment need to be known. Since cyclical unemployment is a problem for monetary policy, the problem of dealing with unemployment is then to determine the true sources of structural and frictional unemployment which make the natural rate what it is; and then reduce, if desirable, the natural rate with appropriate policies. In consideration of the costs and benefits of change, institutional structures can be modified so as to reduce the natural rate of unemployment. Unfortunately at this point too, the causes of structural unemployment frequently have been misunderstood.

### *Misunderstanding Structural Unemployment*

There are numerous reasons bandied about for structural unemployment. Among them are the following:

(a) As the United States and other developed economies have grown mature, opportunities for investment have been largely exploited. Since new substantial investment opportunities are unlikely to arise, these *mature economies begin to stagnate* and secularly rising unemployment rates are indicative of this process.

As an elaboration of this point of view, it is recited that in the U.S. when there was a frontier with vast empty areas and high productivity

from the land, there were plenty of jobs and no unemployment. Now that the country is settled, the frontier has disappeared and few virgin lands remain with high fertility. Jobs are no longer plentiful and unemployment is prevalent. The new generation of Malthusians espousing this view warns us that we are headed toward the end of the era of abundance.

(b) A Marxist slant is sometimes given to the explanation of unemployment when it is added that those who do work are exploited. It is further elaborated that, in order to keep the workers in line, the *reserve army of the unemployed* is a necessary part of the capitalist system. In Marx's world, the capitalist strives to accumulate capital, but this brings about contradictions in the economic process. For instance, as more is produced and the economy advances, the reserve army of the unemployed will become few. The wage level will also rise as the number of unemployed persons decreases. However, the capitalist, in seeking to increase his profits, will introduce more sophisticated production methods and techniques, which will enable him eventually to produce more than he can sell. In the face of this over-production, according to the Marxist, unemployment results. The ranks of the reserve army swell.

(c) Structural unemployment is also said to be dominated by large corporations and government. It is argued that since the government and large corporations control almost all economic opportunities, they determine the number of jobs and the level of unemployment. The free enterprise system, according to this view, has a *natural tendency to underconsumption or over-production* which is manifested in stagnation in production and unemployment rates. However, for the past three centuries, the free enterprise system has expanded and managed only periodic crises and occasional lapses into stagnation. Also, unemployment rates display no strong upward secular trend. The stagnationists explain these facts by saying that there are powerful forces such as the government and industries which counteract the tendency to underconsumption. These counteracting forces, which also include new industries, population growth, unproductive consumption, investment, and state expenditures, have the effect of raising the rate of consumption relative to the rate of production. Although some of the forces may be declining, government policies specifically designed to offset the tendency to underconsumption and depression have grown.

By resorting to *unique and special events* to explain the phenomenon of unemployment, these arguments defy theoretical generalization and are not subject to empirical testing. Despite the fact that these explanations could be neither confirmed nor denied empirically, policies based on this ad hoc theorizing were still designed under the New Deal and were mistakenly employed to deal with unemployment. For instance, the deficit

spending programs implemented by Roosevelt were fabricated to deal with unemployment and to pick up the slack in business investment during the 1930's. Since then, several congressional bills and executive actions have been based on the same rationale—to raise total effective demand in the economy by encouraging higher consumption, greater business investment, or high government spending. Yet, as noted above, these programs have not been successful. It seems clear that the greatest failure of these programs is not in planning or administration but that they are based on an inadequate and inaccurate view of the causes of unemployment.

### *An Analysis of Unemployment*

The standard discussion of structural unemployment assumes that there is a dearth of jobs in the economy. In this view, jobs are considered to be scarce relative to the number of people desiring to work. No one denies the fact that some people at any given time in a free economy may be without jobs, but the statement that no jobs exist for them may be challenged. One could just as easily say that there are plenty of jobs in the economy—many more jobs than workers or unemployed persons. In fact, *there is a plentitude of tasks to be performed in a world of scarcity!*

Why then are there unemployed persons? There are two basic reasons:

(1) Employers may be unable to offer the jobs they would like to offer under present institutional conditions and at wages that would be necessary to justify the job to their business. *Institutional and legal restraints* discourage or prohibit employers from offering certain jobs to certain people. For instance, there are laws governing employment which place restraints on wages or access to jobs in an open market. Many workers who are employable are not employed because of the constraints placed on their employment. Such laws include fair employment practices, age requirements, safety regulations, and restrictions on hiring.

*Minimum wage laws* make it illegal for employers to offer certain types of jobs at wages that would justify the job. Consequently, these laws reduce the number of jobs available, especially the lower paying jobs which have a large training-cost component. Hence, minimum wage laws, intended to help the low-paid and the unskilled, hurt the intended beneficiaries by reducing the demand for such labor. Every employer is interested in hiring an additional worker as long as the increased value of output generated by the additional worker is greater than the increase in labor costs. He will hire workers until the value of the increased income generated by an additional worker equals the increase in labor costs. At a higher wage rate, employers are not able to hire these marginal workers, because the value of the output generated by each additional

worker is less than the minimum wage they must pay. Since employers cannot raise prices sufficiently to finance increased wages for fear of losing sales, the marginal workers lose their jobs and are unemployed. These unemployed workers may find jobs elsewhere, but wages then must fall in these other *uncovered sectors* to induce employers to hire them.

Women, teenagers, Negroes, and particularly Negro teenagers are the intended beneficiaries of the minimum wage laws, yet they are the ones who suffer most because of them. Teenagers in general are less skilled than older, experienced workers, and therefore employers are inclined to hire the skilled rather than the unskilled or semi-skilled worker for jobs covered by the minimum wage. The demand for skilled workers increases when the legal price of its substitute—unskilled labor—increases! Consequently, teenagers, women, Negroes, and the unskilled are made worse off when the minimum wage discourages employers from hiring them.

The noted economist, Paul Samuelson, has asked, "What good does it do a black youth to know that an employer must pay him \$1.60 an hour, if the fact that he must be paid that amount is what keeps him from getting a job?" Prof. Samuelson's question suggests that minimum wage laws have not helped the low-paid and the unskilled workers whom the laws are intended to help. Prof. Friedman has specifically called the minimum wage law "the most anti-Negro law on our statute books—in its effect, not its intent." Before 1956, unemployment among Negro boys aged fourteen to nineteen was approximately eight to eleven percent. It was about the same as among white boys of the same age. Within two years after the minimum wage was raised from \$.75 to \$1.00 an hour in 1956, unemployment among Negro boys went up to twenty-four percent and among white boys to fourteen percent. More dramatic evidence of the discriminatory effects of the minimum wage could hardly be desired.

Another effect of the minimum wage is to increase the amount of automation in the economy. Historically, it is the unskilled workers who work without machines. When their wage rates increase by a rise in the minimum wage, employers are forced to rely more heavily on skilled workers who work with machines. Hence, employers are induced to replace unskilled labor with skilled workers who use *machinery* to do the work.

If the minimum wage laws do not help the low-paid and the unskilled workers as they are intended to, then who is helped? Workers who already receive wages above the minimum wage benefit from these laws. *Increases in the minimum wage reduce the competition from the unskilled*, as employers are discouraged from employing them. The minimum wage is higher than the value of their labor to the firm and hence they are not employed. This is the reason why certain groups, e.g., unions and management in Northern industries, push for higher minimum wage rates. *They*

*desire to protect themselves from competition from industries in the South.*

Unions also have had a strong influence on the quantity of workers and hence on employment. They can raise wages above what they would otherwise be and thus destroy job opportunities in their industry. Through restrictive work practices on jobs, requirements of union membership for employment, licensing and apprenticeship requirements, and tight screening on union membership, a few unions have succeeded in restricting the supply of legally employable labor to an industry, thereby artificially raising wage rates. (A prime example is the American Medical Association, which through excessively tight screening of applicants to medical schools restricts the supply of doctors and prohibits the entrance of many competent people into the medical profession.) Only twenty-two percent of the U.S. labor force, however, belongs to unions. In Sweden and Britain, the percentage of the labor force in unions is almost twice as high. In 1953, twenty-six percent of the labor force in the U.S. was unionized. This fell to twenty-four percent in 1950 and to twenty-three percent by 1961 and has stabilized since then. The reversed trend is mainly a result of the *rapid growth in the service sector* of the economy and the increase in white-collar employment.

(2) The second reason there are unemployed persons is that unemployed workers are often *unwilling to accept* the jobs which are being offered to them. It is not that jobs are not available. On the contrary, there may be a plenitude of jobs available, but the wage offered may be unacceptably low when compared with expected alternative job prospects or leisure, including welfare-subsidized leisure. There is a class of "unemployed" who take employment only when the demand for their services is high and they are attracted by higher wages. They prefer not to work at times when the available wages are low. An example is seen in housewives working during seasonably high demands at certain types of work—for example, in fruit-packing houses and dress shops during the Christmas season. Many boys are underemployed because they value leisure as much as income. This leads them to seek only as much work as they need. Many youths, especially in the so-called counter-culture, desire only to support themselves, and their preference for underemployment may be based on that reasoned calculation. Ghetto youths of seventeen or eighteen may use their leisure for "identity-building" rather than settling down to the discipline of a full-time job. And for male youths who want better-paying jobs, age and lack of education are often found to be the main barriers. Child-labor laws and insurance regulations also seem to be important barriers.

Every unemployed worker has certain *expectations* about the kind of job and pay he thinks he should receive. Sometimes these expectations

involve the type of jobs that do not exist for the worker at the time he is unemployed. He may have to look longer until the right job is available, or he may have to revise his expectations downward to the type of job available in order to avoid protracted unemployment.

Sometimes the wages being offered for existing jobs are lower than the wages an unemployed worker thinks he should receive or could receive if he looked longer. So the unemployed worker continues to search. The gap that develops between the actual and expected wage induces the unemployed worker to reject current wage offers and remain unemployed in the expectation of receiving higher offers. The unemployed worker may receive a wage offer above or below the average value of the market wage rate. If he correctly expects this average value, he will invest the "correct" amount of time in his job search. If his expectations are higher or lower than the actual wage rate offered, he will either "overinvest"—increasing the duration of unemployment—or "underinvest"—decreasing his duration of unemployment—in his job search. The ease or difficulty involved in his remaining unemployed together with the perceived benefits from his search activities determine how long he will look for a job before accepting one.

Sometimes a worker's expectations are unrealistic as compared with the jobs available. In this case, the unemployed person is greatly encouraged to *revise his expectations downward* or continue unemployed. The ease or difficulty in remaining unemployed influences the length of time the unemployed worker takes in revising his expectations. The average time an unemployed worker takes in job search is directly related to the unemployment rate. Unemployment compensation and welfare payments reduce the difficulty in searching and increase the average duration of unemployment. With unemployment compensation and welfare benefits, the cost of additional waiting time and searching time is so low that the unemployed worker is encouraged to wait until there is no chance of a better job, and this tends to increase the unemployment rate.

Unemployment is not a sign that there are no jobs available for workers. It is rather a *job-relocation process* which involves *search over other job opportunities* to find the best one. Although the existence of "unfilled jobs" has an undesirable connotation, it does serve a useful function. Some employers would like to hire more workers, and if information and transfer costs were zero, they would hire the right people at the appropriate wages. But this may not be practical in the market where information on applicants is costly; it will therefore take a higher wage to get the right person immediately. Not only is it more expensive for the firm to fill a job instantly, but if the employer takes the first worker available, he may not have the "best" person for the job. Although *waiting* involves having va-

cancies and unemployment, it may be the *most economical* way for a firm to staff its jobs.

The worker may also benefit from unemployment. A middle-income or lower-income worker, especially, loses almost no net income if he is unemployed for a short time and receives *unemployment compensation*. His net income loss becomes significant only as income rises substantially. Consider a worker in 1971 with a wife and two children who earns \$500 a month, or \$6,000 a year, if he experiences no unemployment. His wife earns \$350 a month or \$4,200 a year if she experiences no unemployment. If he is unemployed for one month, he loses \$500 in gross earnings. Considering the joint income of the family, normal exemptions, and the prevailing tax schedule, this reduction of \$500 in annual earnings reduces his federal income tax by \$83, his Social Security payroll tax by \$26 and his state income tax by \$25 (in Massachusetts). The total reduction in annual earnings reduction in taxes is \$134. Unemployment compensation consists of fifty percent of his wage plus dependents' allowance of \$6.00 per week for each child. His total unemployment compensation is \$302, which is not taxable. Hence, his income is \$366 for the month he is employed compared to \$302 paid as unemployment compensation when he is not employed. Therefore, *if he is unemployed for a month he loses \$500 in gross earnings but less than \$65 in net income* (ignoring the income he might be able to earn moonlighting on jobs which are not classified). This \$65-loss may well be offset by the increase in leisure it buys and the decrease in the costs of going to work.

Unemployment compensation also increases the seasonal and cyclical fluctuations in the demand for labor and the relative number of *casual jobs*. A worker in a seasonable job knows that he will be laid off when the season is over, and he will then receive unemployment benefits when he is unemployed. If there were no unemployment benefits, a worker would not take on a seasonal job unless it paid substantially more than a lower paying job which he could find. The higher cost of labor in the unstable jobs would induce employers to reduce the number of such jobs by revising their production schedules. The higher wages in unstable employment could also increase the price of output produced. When prices go up, the demand for such goods and services decrease, thus reducing the amount of unstable employment in the economy. If the amount of unstable employment in the economy can be reduced, the frequency with which individuals lose jobs and become unemployed would decrease.

### *Unemployment—Curse or Blessing in Disguise?*

In a free society, unemployment is a sign that the option to be unemployed is more highly valued than the lack of an option to refuse to

work at whatever wage an available employer would pay. It is a *demonstration of freedom* for both workers and employers. Workers, in a free economy, are not coerced into accepting a particular job; they can be selective with respect to their employer, the wage they receive, and the nature of the work. In a free society employers also can be selective with respect to the persons they hire, the wages they pay, and the conditions of employment.

In a command economy where there is less freedom, workers are under more pressure to accept the job that is offered to them and to remain at it until they are transferred. In the Soviet Union, for instance, it is even illegal to be unemployed! Is it any wonder that the unemployment in some communist countries is low? In describing the employing situation which he observed on his recent visit to Red China, Kei-on Chan says,

There is an organic unity between an individual and his work unit, be it a school, a hospital, a hotel, a restaurant or a co-op store or factory. His job is what defines his identity and place in society. Normally he eats in the unit's mess hall, secures housing through his unit, which obtains the space from the government housing bureau and then allocates it to the unit workers. In the unit the worker attends study sessions. If he needs a bicycle, the unit recommends, or refuses him the application for the necessary coupon based upon its relevance to his work.

If he goes out of town on business, he obtains a pass through the work unit. Otherwise he would be stranded, because the hotels in China would not receive him without the necessary papers. The work unit also maintains a nursery for the worker's children.

In short, if one does not have a work unit to belong to, one is nothing. A free floating individual with no ties does not exist in China; he cannot exist. I suppose that the social system is conducive to creating a strong sense of community of interest between the individual and his work unit; together they sink or swim. At the same time one's job is not necessarily fixed. Depending on the needs of the state, a person can be transferred from one job or locality to another at the drop of a pin.\*

From this example, it can be seen that the cost of reducing unemployment to zero is prohibitive. It demands the abolition of individual freedom. Unemployed persons could become employed very quickly if the employment offices were empowered to assign jobs to workers without the workers' consent. But this represents *coercion*, which is undesirable in a free society. Instead of coercion, which makes the cost of refusing a job prohibitive, unemployment could be decreased in an acceptable man-

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\*Kei-on-Chan, "Homecoming of a Cantonese," *The University of Chicago Magazine* (Summer, 1974), p. 19.



ner by decreasing unemployment compensation and welfare payments to the unemployed. By this means, employment would become more attractive *vis a vis* subsidized unemployment.

Unemployment, however, also has clearly unpleasant aspects, since the *information* about potential buying and selling opportunities of labor, alternative job options, and wages is *expensive*. The financial hardship suffered by some of those who are unemployed in looking for a job is real although a necessary part of *adjustment* in a free society. Therefore, an improvement in those economic institutions which help workers and employers to get together and mutually reach satisfactory agreements with respect to jobs could be encouraged to reduce these unwanted costs.

Decreasing the unemployment compensation and welfare payments, thereby making it more costly to remain unemployed, would have a much greater effect in decreasing the natural unemployment rate. Indeed, the elimination of many other legislative and institutional barriers, most also intended to do good, such as minimum wages, barriers to entry for occupations, and employment practice would together with benefit reduction and increased employer-employee communication—reduce the natural unemployment rate dramatically. *But nothing short of coercion would reduce it to zero.* Many persons are unemployed by choice. Some want to work only enough so that they can enjoy leisure. Others believe homemaking or studies are more important. Some quit one job to look for a better one (more than one-third of those who leave jobs in any given week do so voluntarily). This *option to remain out of the work force* or to refuse a job offered in the belief that something better will turn up is really a *mark of freedom* which people enjoy in a free society and should be recognized as such.

# LATE MEDIEVAL ORIGINS OF FREE MARKET ECONOMIC THOUGHT

MURRAY N. ROTHBARD

The most notable development in the historiography of the Austrian School of economics (Menger, Böhm-Bawerk, Mises, Hayek) in the post-World War II era has been the drastic reevaluation of what might be called its "pre-history," and as a corollary a fundamental reconsideration of the history of economic thought itself. This reevaluation may be summarized by briefly outlining the "orthodox," pre-war paradigm of the development of economic thought before the advent of the Austrian School. The scholastic philosophers were brusquely dismissed as "medieval" thinkers who totally failed to understand the market, and who believed on religious grounds that the "just price" was one that covered either the cost of production or the quantity of labor embodied in a product. After briefly outlining the bullionist and anti-bullionist discussion among the English mercantilists, and lightly touching on a few French and Italian economists of the eighteenth century, the historian of economic thought pointed with a flourish to Adam Smith and David Ricardo as "the founders" of economic science. After some backing and filling in the mid-nineteenth century, marginalism, including the Austrian School, arrives in another great burst in the 1870's. Apart from the occasional mention of one or two English precursors of the Austrians, such as Samuel Bailey in the early nineteenth century, this largely completed the basic picture. Typical was the encyclopedic text of Lewis Haney: the scholastics were described as "medieval" and were dismissed as hostile to trade and believers in the labor or cost of production theory of the "just price."<sup>1</sup> It is no wonder that in his famous phrase, R. H. Tawney could call Karl Marx "the last of the Schoolmen."<sup>2</sup>

The remarkably contrasting new view of the history of economic thought burst upon the scene in 1954 in the monumental, if unfinished,

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1. Lewis H. Haney, *History of Economic Thought*, 4th ed. (New York: Macmillan, 1949).

2. "The true descendant of the doctrines of Aquinas is the labor theory of value. The last of the Schoolmen was Karl Marx." R. H. Tawney, *Religion and the Rise of Capitalism* (New York: New American Library, 1954), pp. 38-39.

work of Joseph Schumpeter.<sup>3</sup> Far from mystical dunderheads who must be skipped over quickly to proceed to the mercantilists, the scholastic philosophers are seen to be remarkable and prescient economists, developing a system very close to the Austrian and subjective utility approach. This was particularly true of the previously neglected later Spanish and Italian scholastics of the sixteenth and seventeenth centuries. Virtually the only missing ingredient in their value theory was the marginal concept. From them filiations proceeded to the later French and Italian economists. In this new Schumpeterian view, the English mercantilists are seen as half-baked and polemical pamphleteers rather than essential milestones on the road to Adam Smith and the founding of economic science. In fact, in a profound sense the new view saw Smith and Ricardo, not as founders of economics, but as shunting economics onto a tragically wrong road which it took the Austrians and the other marginalists to rediscover. Until then, only the neglected anti-Ricardian writers would keep the tradition alive. As we shall see, other historians have further demonstrated the profound Aristotelian (and hence scholastic) roots of the Austrians amidst the diverse variants of the marginalist school. The picture is almost the reverse of the earlier orthodoxy.

It is not the purpose of this paper to dwell on Schumpeter's deservedly well-known work, but rather to assess the contributions of other writers who carried the Schumpeterian vision still further, and who remain neglected by most economists, possibly from a failure to match Schumpeter in constructing a general treatise to set forth their contributions. Instead, the best development of the new history must be sought in fugitive articles and brief pamphlets and monographs.

The other relatively neglected contributions began largely contemporaneously with Schumpeter. One of the most important, and probably the most neglected, was *The School of Salamanca*, by Marjorie Grice-Hutchinson, who suffered in the economics profession from being a professor of Spanish literature. Moreover, the book bore the burden of a misleadingly narrow subtitle: "Readings in Spanish Monetary Theory."<sup>4</sup> In fact, the book was a brilliant discovery of the pre-Austrian, subjective value and utility views of the late sixteenth-century Spanish scholastics. But first, Grice-Hutchinson shows that even the earlier scholastics, and as far back as Aristotle, contained a subjective value analysis based on consumer wants, alongside the competing "objective" conception of the just price based on labor and costs. As far back as the early Middle

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3. Joseph A. Schumpeter, *A History of Economic Analysis* (New York: Oxford University Press, 1954).

4. Marjorie Grice-Hutchinson, *The School of Salamanca: Readings in Spanish Monetary Theory, 1544-1605* (Oxford: The Clarendon Press, 1952).

Ages, St. Augustine developed the concept of the subjective value-scales of each individual. By the high Middle Ages, the scholastic philosophers had largely abandoned the cost-of-production theory to adopt the view that it is the market's reflection of consumer demand that truly sets the "just price." This was particularly true of John Buridan (1300-1358), Henry of Ghent (1217-1293), and Richard of Middleton (1307). As Grice-Hutchinson writes:

Medieval writers viewed the poor man as consumer rather than producer. A cost-of-production theory would have given merchants an excuse for over-charging on the pretext of covering their expenses, and it was thought fairer to rely on the impersonal forces of the market which reflected the judgment of the whole community, or, to use the medieval phrase, the "common estimation." At any rate, it would seem that the phenomena of exchange came increasingly to be explained in psychological terms.<sup>5</sup>

Even Henry of Langenstein (1325-1383), who of all the scholastics was the most hostile to the free market and advocated government fixing of the just price on the basis of status and cost, also developed the subjective factor of utility as well as scarcity in his analysis of price. But it was the later, sixteenth-century Spanish scholastics who were to develop the purely subjective, and pro-free market, theory of value. Thus, Luis Saravía de la Calle (1544) denied any role to cost in the determination of price; instead the market price, which is the just price, is determined by the forces of supply and demand, which in turn is the result of the common estimation of consumers on the market. Saravía wrote, "Excluding all deceit and malice, the just price of a thing is the price which it commonly fetches at the time and place of the deal. . . ." He goes on to point out that the price of a thing will change in accordance with its abundance or scarcity. He proceeds to attack the cost of production theory of just price:

Those who measure the just price by the labour, costs, and risk incurred by the person who deals in the merchandise or produces it, or by the cost of transport or the expense of travelling . . . or by what he has to pay the factors for their industry, risk, and labour, are greatly in error, and still more so are those who allow a certain profit of a fifth or a tenth. For the just price arises from the abundance or scarcity of goods, merchants, and money, . . . and not from costs, labour, and risk. If we had to consider labour and risk in order to assess the just price, no merchant would ever suffer loss, nor would abundance or scarcity of goods and money enter into the question. Prices are not commonly fixed on the basis of costs. Why should a bale of linen brought overland from Brittany at great expense be

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5. *Ibid.*, p. 27.

worth more than one which is transported cheaply by sea? . . . Why should a book written out by hand be worth more than one which is printed, when the latter is better though it costs less to produce? . . . The just price is found not by counting the cost but by the common estimation. . . .<sup>6</sup>

Similarly, the Spanish scholastic Diego de Covarrubias y Leiva (1554), a distinguished expert on the Roman law and theologian at the University of Salamanca, wrote that the "value of an article" depends "on the estimation of men, even if that estimation be foolish." Wheat is more expensive in the Indies than in Spain "because men esteem it more highly, though the nature of the wheat is the same in both places." The just price should be considered not at all with reference to its original or labor cost, but only the common market value where the good is sold; a value, Covarrubias points out, which will fall when buyers are few and goods are abundant, and will rise from the opposite conditions.<sup>7</sup>

The Spanish scholastic Francisco García (1583) engaged in a remarkably sophisticated analysis of the determinants of value and utility. The valuation of goods, García pointed out, depended on several factors. One was the abundance or scarcity of the supply of goods; the former causing a lower estimation and the latter an increase. A second was whether buyers or sellers are few or many. Another was whether "money is scarce or plentiful," with the former causing lower estimation of goods and the latter a higher. Another is whether "vendors are eager to sell their goods." The influence of the abundance or scarcity of a good brought García almost to the brink, but not over it, of a marginal utility analysis of valuation.

For example, we have said that bread is more valuable than meat because it is more necessary for the preservation of human life. But there may come a time when bread is so abundant and meat so scarce that bread is cheaper than meat.<sup>8</sup>

The Spanish scholastics also anticipated the Austrian School in applying value theory to money, thus beginning the integration of money into general value theory. It is generally believed, for example, that in 1568 Jean Bodin inaugurated what is unfortunately called "the quantity theory of money"—but which would more accurately be called the application of supply and demand analysis to money. Yet he was anticipated, twelve years earlier, by the Salamanca theologian, the Dominican, Martín de Azpilcueta Navarro, who was inspired to explain the inflation brought

6. Luis Saravía de la Calle, *Instruccion de mercaderes* (1544), in Grice-Hutchinson, *op. cit.*, pp. 79-82.

7. *Ibid.*, p. 48.

8. Francisco García, *Tratado utilissimo y muy general de todos los contractos* (1583), in Grice-Hutchinson, *op. cit.*, pp. 104-05.

about by the importation of gold and silver by the Spaniards from the New World. Citing previous scholastics, Azpilcueta declared that "money is worth more where it is scarce than where it is abundant." Why? Because "all merchandise becomes dearer when it is in great demand and short supply, and that money, in so far as it may be sold, bartered, or exchanged by some other form of contract, is merchandise and therefore also becomes dearer when it is in great demand and short supply." Azpilcueta noted that "we see by experience that in France, where money is scarcer than in Spain, bread, wine, cloth, and labour are worth much less. And even in Spain, in times when money was scarcer, saleable goods and labour were given for very much less than after the discovery of the Indies, which flooded the country with gold and silver. The reason for this is that money is worth more where and when it is scarce than where and when it is abundant."<sup>9</sup>

Furthermore, the Spanish scholastics went on to anticipate the classical-Mises-Cassel purchasing-power parity theory of exchange rates, by proceeding logically to apply the supply-and-demand theory to foreign exchanges, an institution which was highly developed by the early modern period. The influx of specie into Spain had depreciated the Spanish *escudo* in foreign exchange, as well as raised prices within Spain, and the scholastics had to deal with this startling phenomenon. It was the eminent Salamanca theologian, the Dominican Domingo de Soto who, in 1553, first fully applied the supply and demand analysis to foreign exchange rates. De Soto noted that "the more plentiful money is in Medina the more unfavorable are the terms of exchange, and the higher the price that must be paid by whoever wishes to send money from Spain to Flanders, since the demand for money is smaller in Spain than in Flanders. And the scarcer money is in Medina the less he need pay there, because more people want money in Medina than are sending it to Flanders."<sup>10</sup> What de Soto is saying is that as the stock of money increases, the utility of each unit of money to the population will decline, and *vice versa*; in short, only the great stumbling block of failing to specify the concept of the marginal unit prevents him from arriving at the doctrine of the diminishing marginal utility of money. Azpilcueta, in the passage noted above, is applying the Soto analysis of the influence of the supply of money on exchange rates, at the same time as he is setting forth a theory of supply and demand in determining the purchasing power of money within a country.

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9. Martín de Azpilcueta Navarro, *Comentario resolutorio de usuras* (1556), in Grice-Hutchinson, *op. cit.*, pp. 94-95.

10. Domingo de Soto, *De Justitia et Jure* (1553), in Grice-Hutchinson, *op. cit.*, p. 55.

The de Soto-Azpilcueta analysis was spread to the merchants of Spain by the Dominican friar Tomás de Mercado, who, in 1569, wrote a handbook of commercial morality in Spanish, in contrast to the scholastic theologians who invariably wrote in Latin. It was followed by García, and endorsed at the end of the sixteenth century by the Salamanca theologian, the Dominican Domingo de Bañez and by the great Portuguese Jesuit, Luís de Molina. Writing in 1601, Molina sets forth the theory in an elegant and comprehensive manner:

. . . there is another way in which money may be worth more in one place than in another; namely, because it is scarcer there than elsewhere. Other things being equal, wherever money is most abundant, there will it be least valuable for the purpose of buying goods and comparing things other than money.

Just as an abundance of goods causes prices to fall (the quantity of money and number of merchants being equal), so does an abundance of money cause them to rise (the quantity of goods and number of merchants being equal). The reason is that the money itself becomes less valuable for the purpose of buying and comparing goods. Thus we see that in Spain the purchasing-power of money is far lower, on account of its abundance, than it was eighty years ago. A thing that could be bought for two ducats at that time is nowadays worth 5, 6, or even more. Wages have risen in the same proportion, and so have dowries, the price of estates, the income from benefices, and other things.

We likewise see that money is far less valuable in the New World (especially in Peru, where it is most plentiful), than it is in Spain. But in places where it is scarcer than in Spain, there will it be more valuable. Nor will the value of money be the same in all other places, but will vary: and this will be because of variations in its quantity, other things being equal. . . . Even in Spain itself, the value of money varies: it is usually lowest of all in Seville, where the ships come in from the New World and where for that reason money is most abundant.

Wherever the demand for money is greatest, whether for buying or carrying goods, . . . or for any other reason, there its value will be highest. It is these things, too, which cause the value of money to vary in course of time in one and the same place.<sup>11</sup>

The outstanding revisionist work on the economic thought of the medieval and later scholastics is that of the late Professor Raymond de Roover, in a series of articles and essays. Basing himself in part on the Grice-Hutchinson volume, de Roover published his first comprehensive

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11. Luís de Molina, *Disputationes de Contractibus* (1601), in Grice-Hutchinson, *op. cit.*, pp. 113-14. Tomás de Mercado's work is *Tratos y contratos de mercaderes* (1569); de Bañez's is *De Justitia et Jure* (1594). See Grice-Hutchinson, *op. cit.*, pp. 57-58, 96-103.

discussion in 1955.<sup>12</sup> For the medieval period, de Roover particularly points to the early fourteenth-century French Ockhamite scholastic, John Buridan, and to the famous early fifteenth-century Italian preacher, San Bernardino of Siena. He notes that Buridan insisted that value is measured by the human wants of the community of individuals; and that the market price is the just price. Furthermore, Buridan was perhaps the first to make clear in a pre-Austrian manner that voluntary exchange demonstrates subjective preferences, "since he states that the person who exchanges a horse for money would not have done so, if he had not preferred money to a horse."<sup>13</sup> Buridan added that workers hire themselves out because they value the wages they receive higher than the labor they have to expend.<sup>14</sup>

De Roover then discussed the sixteenth-century Spanish scholastics, centered at the University of Salamanca, the queen of the Spanish universities of the period. From Salamanca, the influence of this school of scholastics spread to Portugal, Italy, and the Low Countries. In addition to summarizing Grice-Hutchinson's contribution, and adding to her bibliography, de Roover notes that both de Soto and Molina denounced as "fallacious" the notion of the late thirteenth-century scholastic John Duns Scotus that the just price is the cost of production plus a reasonable profit; instead that price is the common estimation, the interaction of supply and demand, on the market. Molina further introduced the concept of competition by stating that competition among buyers will drive prices up, while a scarcity of purchasers will pull them down.<sup>15</sup>

In a later article, de Roover elaborated on his researches into the scholastic theory of the just price. He found that the orthodox view of the just price as a station-in-life, cost-of-production price, was based almost solely on the views of the fourteenth-century Viennese scholastic, Henry of Langenstein. But Langenstein, de Roover points out, was a follower of the minority views of William of Ockham, and outside the dominant Thomist tradition; Langenstein was rarely cited by later scho-

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12. Raymond de Roover, "Scholastic Economics: Survival and Lasting Influence from the Sixteenth Century to Adam Smith," *Quarterly Journal of Economics* (May, 1955), pp. 161-190.

13. de Roover, "Scholastic Economics," p. 164.

14. Raymond de Roover, "Joseph A. Schumpeter and Scholastic Economics," *Kyklos* (1957-2), p. 128. de Roover traces the concept of mutual benefit as exhibited in exchange back to Aquinas, who wrote that "buying and selling seem to have been instituted for the mutual advantage of both parties, since one needs something that belongs to the other, and conversely."

15. de Roover, "Scholastic Economics," pp. 168-69. Elsewhere, de Roover notes that the Scotists were a small minority among medieval and later scholastics, whereas the scholastics discussed here were in the mainstream Thomist tradition.



lastic writers. While some of their passages are open to a conflicting interpretation, de Roover demonstrates that Albertus Magnus and his great pupil Thomas Aquinas held the just price to be the market price. In fact, Aquinas considers the case of a merchant who brings wheat to a country where there is a great scarcity; the merchant happens to know that more wheat is on the way. May he sell his wheat at the existing price, or must he announce to everyone the imminent arrival of new supplies and suffer a fall in price? Aquinas unequivocally answers that he may justly sell the wheat at the current market price, even though he adds as an afterthought that it would be more virtuous of him to inform the buyers. Furthermore, he points to the summary of St. Thomas' position by his most distinguished commentator, the late fifteenth-century scholastic, Thomas de Vio, Cardinal Cajetan. Cajetan concludes that for Aquinas the just price is "the one, which at a given time, can be gotten from the buyers, assuming common knowledge and in the absence of all fraud and coercion."<sup>16</sup>

The cost-of-production theory of just price held by the Scotists was trenchantly attacked by the later scholastics. San Bernardino of Siena, de Roover points out, declared that the market price is fair regardless of whether the producer gains or loses, or whether it is above or below cost. The great early sixteenth-century jurist, Francisco de Vitoria, founder of the School of Salamanca, insisted that the just price is set by supply and demand regardless of labor costs or expenses; inefficient producers or inept speculators must bear the consequences of their incompetence and poor forecasting. His followers asserted the same position. Furthermore, de Roover makes clear that the general scholastic emphasis on the justice of "common estimation" (*communis aestimatio*) is identical to "market valuation" (*aestimatio fori*), since the scholastics used these two Latin expressions interchangeably.<sup>17</sup>

De Roover notes, however, that this acceptance of market price did not mean that the scholastics adopted a *laissez-faire* position. On the contrary, they were often willing to accept governmental price-fixing instead of market action. A few leading scholastics, however, led by Azpilcueta and including Molina, opposed all price fixing; as Azpilcueta put it, price controls were unnecessary in times of plenty and ineffective or positively harmful in times of dearth.<sup>18</sup>

In a comment on de Roover's paper, Professor David Herlihy pushed

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16. Raymond de Roover, "The Concept of the Just Price: Theory and Economic Policy," *Journal of Economic History* (December, 1958), pp. 422-23.

17. *Ibid.*, p. 424.

18. *Ibid.*, p. 426.

the argument back further, noting that in the northern Italian city-states of the twelfth and thirteenth centuries, the birthplace of modern commercial capitalism, the market price was generally considered just because "true" and "real," if it was "established or utilized without deceit or fraud." As Herlihy sums up, the just price of an object was its "true value as determined by one of two ways: for objects that were unique, by honest negotiation between seller and purchaser; for staple commodities by the consensus of the marketplace established in the absence of fraud or conspiracy."<sup>19</sup>

Professor John W. Baldwin's definitive account of the theories of just price during the high Middle Ages of the twelfth and thirteenth centuries amply confirmed de Roover's revisionist insight.<sup>20</sup> Baldwin pointed out that there were three important and influential groups of medieval writers: the theologians, whom we have been examining, the Roman lawyers, and the Canon lawyers. For their part, the Romanists, joined by the Canonists, held staunchly to the principle of Roman private law that the just price was whatever was arrived at by free bargaining between buyers and sellers. Baldwin demonstrates that even the theologians of the high Middle Ages before Aquinas accepted the current market price as the just price.<sup>21</sup>

Several years later, de Roover turned to the views of the scholastics on the broader issue of trade and exchange.<sup>22</sup> De Roover conceded the partial validity of the older view that the medieval church frowned on trade as endangering personal salvation; or rather, that, while trade *can* be honest, that it presents great temptation for sin. However, he pointed out that, as trade and commerce grew after the tenth century, the church began to adapt to the idea of the merits of trade and exchange. Thus, while it is true that the twelfth-century scholastic Peter Lombard denounced trade and soldiering as sinful occupations per se, a far more benevolent view of trade was set forth during the thirteenth century by Albertus Magnus and his student Thomas Aquinas, as well as by

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19. David Herlihy, "The Concept of the Just Price: Discussion," *Journal of Economic History* (December, 1958), p. 437.

20. John W. Baldwin, *The Medieval Theories of the Just Price*, *Transactions of the American Philosophical Society* (Philadelphia, July, 1959). See also the review of Baldwin by A. R. Bridbury, *Economic History Review* (April, 1960), pp. 512-14.

21. In particular, the theologians at the great center at the University of Paris in the early thirteenth century: Alexander of Hales, and Aquinas' teacher, Albertus Magnus. *Ibid.*, p. 71. Baldwin further points out that theological treatment of such practical questions as the just price in the Middle Ages only began with the development of university centers at the end of the twelfth century. *Ibid.*, p. 9.

22. Raymond de Roover, "The Scholastic Attitude toward Trade and Entrepreneurship," *Explorations in Entrepreneurial History* (Fall, 1963), pp. 76-87.

St. Bonaventure and Pope Innocent V. While trade presented occasions for sin, it was not sinful per se; on the contrary, exchange and the division of labor, for these scholastics, was beneficent in satisfying the wants of the citizens. Moreover, the late thirteenth-century scholastic Richard of Middleton developed the idea that both the buyer and the seller gain by exchange, since each demonstrates that he prefers what he receives in exchange to what he gives up. Middleton also applied this idea to international trade, pointing out that both countries benefit by exchanging their surplus products. Since the merchants and citizens of each country benefit, he pointed out, neither party is "exploiting" the other.

It is true that at the same time, Aquinas and other theologians denounced "covetousness" and love of profit, mercantile gain being only justifiable when directed toward the "good of others"; furthermore, Aquinas attacked "avarice" as attempting to improve one's "station in life." But, de Roover points out, the great early sixteenth-century Italian Thomist, Cardinal Cajetan, corrected this view, demonstrating that if this were true, every person would have to be frozen in his current occupation and income. On the contrary, asserted Cajetan, people with unusual ability should be able to rise in the world. De Roover notes that, in contrast to such northern Europeans as Aquinas, Cajetan was quite familiar with the commerce and upward social mobility in the Italian cities. Furthermore, even Aquinas explicitly rejected the idea that prices should be determined by one's station in life, pointing out that the selling price of any good tends to be the same whether the entrepreneur is poor or wealthy.

De Roover concluded the article by hailing the early fifteenth-century scholastic San Bernardino of Siena as being the only theologian who dealt in detail with the economic function of the entrepreneur. San Bernardino wrote of the uncommon qualities and abilities of the successful entrepreneur, including effort, diligence, knowledge of the market, and calculation of risks, with profit on invested capital justifiable as compensation for the risk and effort of the entrepreneur. De Roover ended by noting the acceptance of religion and of profit in a motto written in a thirteenth-century account book: "In the name of God and of profit."<sup>23</sup>

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23. De Roover, here and in his other writings, pointed to the great deficiency in scholastic analysis of the market: the belief that any interest on a pure loan (a *mutuum*) constituted the sin of usury. The reason is that while the scholastics understood the economic functions of risk and opportunity cost, they never arrived at the concept of time preference. On the scholastics and usury, see the magisterial work of John T. Noonan, Jr., *The Scholastic Analysis of Usury* (Cambridge, Mass.: Harvard University Press, 1957). See also Raymond de Roover, "The Scholastics, Usury, and Foreign Exchange," *Business History Review* (Autumn, 1967), pp. 257-71.

Professor de Roover's final work in this area was a booklet on San Bernardino and his contemporary, Sant' Antonio of Florence.<sup>24</sup> Elaborating on San Bernardino's views on trade and the entrepreneur, he shows that the saint pointed out sharply that while the occupation of trade may lead to sin, so may all other occupations, including that of bishops. As for the sins of traders; they consist of such illicit activity as fraud, misrepresentation of products, the sale of adulterated products, and the use of false weights and measures, as well as keeping creditors waiting for their money after a debt was due. As to trade, there are several kinds of useful merchants, according to San Bernardino: importers-exporters, warehousemen, retailers, and manufacturers.

On the rare qualities and virtues that go into the making of successful businessmen, the saint distinguished several qualities. One was efficiency (*industria*), in which he included knowledge of qualities, prices, and costs, and the ability to assess risks and estimate profit opportunities, which, declared San Bernardino, "indeed very few are capable of doing." Entrepreneurial ability therefore included the willingness to assume risks (*pericula*). Thirdly, businessmen must be responsible and attentive to detail; and trouble and toil are also necessary. The rational and orderly conduct of business, also necessary to success, was another virtue lauded by San Bernardino, as was business integrity and the prompt settlement of accounts.

Turning again to the scholastic view of value and price, de Roover points out that as early as Aquinas, prices were treated as determined, not by their philosophic rank in nature, but by the *degree* of the usefulness or utility of the respective products to man and to human wants. As de Roover says of Aquinas, "These passages are clear and unambiguous; value depends upon utility, usefulness, or human wants. There is nowhere any mention of labor as the creator or the measure of value."<sup>25</sup> De Roover then points out that a century before the Spanish scholastics and a century and a half before the sophisticated formulation of Francisco García, San Bernardino had demonstrated that price is determined by scarcity (*raritas*) usefulness (*virtuositas*), and pleasurability or desirability (*complacibilitas*). Greater abundance of a good will cause a drop in its value, and greater scarcity a rise. To have value, furthermore, a good must have usefulness or what we may call "objective utility"; but within that framework, the value is determined by the *complacibilitas* or "subjective utility" that it has to individual consumers. Again, only the

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24. Raymond de Roover, *San Bernardino of Siena and Sant'Antonino of Florence: The Two Great Economic Thinkers of the Middle Ages* (Boston: The Kress Library of Business and Economics, 1967).

25. *Ibid.*, p. 17.

marginal element is lacking for a full-scale pre-Austrian theory of value. Coming to the brink of the later Austrian solution to the classical economists' "paradox of value," San Bernardino pointed out that a glass of water, to a man dying of thirst, would be so valuable as to be almost priceless; but fortunately water, though absolutely necessary to human life, is ordinarily so abundant that it commands either a low price or even no price at all.

Correcting Schumpeter's ascription of the founding of subjective utility to Sant' Antonino, and pointing out that he had derived it from San Bernardino, de Roover shows further that recent scholarship demonstrates that Bernardino derived his own analysis almost word for word from a late thirteenth-century Provençal scholastic, Pierre de Jean Olivi. Apparently, Bernardino had not given credit to Olivi because the latter, coming from another branch of the Franciscan Order, was at that time suspected of heresy.<sup>26</sup>

Turning to the concept of the "just price," de Roover makes it clear that San Bernardino, following Olivi, held that price of a good or service to be "the estimation made in common by all the citizens of the community." This the saint held explicitly to be the valuation of the market, since he defined the just price as "the one which happens to prevail at a given time according to the estimation of the market, that is, what the commodities for sale are then commonly worth in a certain place."<sup>27</sup>

Wages were treated by the two Italian friars as equivalent to the prices of goods. As de Roover writes, for San Bernardino "the same rules which apply to the prices of goods also apply to the price of services with the consequence that the just wage will also be determined by the forces operating in the market or, in other words, by the demand for labor and the available supply." An architect is paid more than a ditchdigger, asserted Bernardino, because "the former's job requires more intelligence, greater ability, and longer training and that, consequently, fewer qualify. . . . Wage differentials are thus to be explained by scarcity because skilled workers are less numerous than unskilled and high positions require even a very unusual combination of skills and abilities."<sup>28</sup> And Sant' Antonino concluded that the wage of a laborer is a price which, like any other, is properly determined by the common estimation of the market in the absence of fraud.

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During and after the sixteenth century, the Catholic Church and scholastic philosophy came under increasingly virulent attack, first from

26. On the originality of Olivi, see *ibid.*, p. 19.

27. *Ibid.*, p. 20.

28. *Ibid.*, pp. 23-24.

Protestants and then from rationalists, but the result was not so much to eliminate any influence of scholastic philosophy and economics as to mask that influence, since their proclaimed enemies would often fail to cite their writings. Thus, the great early seventeenth-century Dutch Protestant jurist, Hugo Grotius, adopted much of scholastic doctrine, including the emphasis on want and utility as the major determinant of value, and the importance of the common estimation of the market in determining price. Grotius, in fact, explicitly cites the Spanish scholastics Azpilcueta Navarro and Covarrubias. Even more explicitly following the Spanish scholastics of the sixteenth century were the Jesuit theologians of the following century, including the highly influential Flemish Jesuit Leonardus Lessius (1605), a friend of Luís de Molina, and the even more influential treatise by the Spanish Jesuit, Cardinal Juan de Lugo, which was originally published in 1642 and was reprinted many times in the next three centuries. Also explicitly following the scholastics and the Salamanca School in the seventeenth century was the widely reprinted treatise of the Genoese philosopher and jurist Sigismundo Scaccia (1618), as well as the Jesuit moral manual by Antonio de Escobar (1652).

To return to what would be the dominant Protestant trend for later economic thought, Grotius' legal and economic doctrines were followed closely in the later seventeenth century by the Swedish Lutheran jurist, Samuel Pufendorf. While Pufendorf (1672, 1673) follows Grotius on utility and scarcity, and the common estimation of the market, in determining value and price, and while he certainly consulted the writings of the Spanish scholastics, it is the rationalistic Pufendorf who drops all citations to these hated scholastic influences upon his teacher. Hence, when Grotian doctrine was brought to Scotland by the early eighteenth-century professor of moral philosophy at Glasgow, Gershom Carmichael, who translated Pufendorf into English, knowledge of scholastic influences was lost. Hence, with Carmichael's great student and successor Francis Hutcheson, utility begins to be weakened by labor and cost-of-production theories of value, until finally by the time of Hutcheson's student Adam Smith's *Wealth of Nations*, pre-Austrian scholastic influence has unfortunately dropped out altogether. Hence the view of Schumpeter, de Roover, and others that Smith, and later Ricardo, shunted economics onto a wrong road which the later marginalists (including the Austrians) had to recapture.

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In recent decades, the revisionist scholars have clearly altered our knowledge of the pre-history of the Austrian School of economics. We

see emerging a long tradition of proto-Austrian scholastic economics, founded on Aristotle, and continuing through the Middle Ages and the later Italian and Spanish scholastics, and then influencing the French and Italian economists before and up till the day of Adam Smith. The achievement of Carl Menger and the Austrians was not so much to found a totally new system on the framework of British classical political economy, but in reviving and elaborating upon the older tradition that had been shunted aside by the classical school.

# THE ECONOMIC THOUGHT OF LUTHER AND CALVIN

GARY NORTH

## *Luther*

Martin Luther—Augustinian monk, son of a peasant-turned-miner, doctor of theology, professional pamphleteer, founder of Protestantism—was never a man known for his systematic thought or a rigid adherence to established opinion, even if he had only recently established it. He retained his youthful enthusiasm for the doctrine of “salvation through faith alone” throughout his career; few other aspects of his thought, especially his social and economic thought, reveal comparable stability. For example, he could write in the spring of 1525 that the Peasants’ Rebellion was in large part the responsibility of temporal rulers, “blind bishops and mad monks,” and that the peasants were wrong only in abandoning a policy of suffering submission to such evil. Christians are always submissive to the higher authorities, and therefore the peasants should not refer to themselves as a Christian movement. “In saying this it is not my intention to justify or defend the rulers in the intolerable injustices which you suffer from them. They are unjust, and commit heinous wrongs against you; that I admit.”<sup>1</sup> Yet within a few weeks he had visited the site of one of the peasant campaigns, and, seeing the destruction they had wrought, he unleashed a savage attack on them as monstrous destroyers of property, both secular and ecclesiastical.<sup>2</sup> A third essay, published before the end of the year, tried to justify his emotional turnaround.<sup>3</sup>

Given this willingness on the part of Luther to reverse many earlier pronouncements that he formerly had penned, it is not surprising that his

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1. Martin Luther, “Admonition to Peace, A Reply to the Twelve Articles of the Peasants of Swabia” (1525), *Luther’s Works* (1967), XLVI, 32. Cited hereafter as *LW*.

2. Luther, “Against the Robbing and Murdering Hordes of Peasants” (1525), *ibid.*, 49-55.

3. Luther, “An Open Letter on the Harsh Book Against the Peasants” (1525), *ibid.*, 63-85.



economic utterances should display an overall lack of coherence through the years. R. H. Tawney's comment warns the investigator of what to expect:

Confronted with the complexities of foreign trade and financial organization, or with the subtleties of economic analysis, he is like a savage introduced to a dynamo or a steam engine. He is too frightened and angry even to feel curiosity. Attempts to explain the mechanism merely enrage him; he can only repeat that there is a devil in it, and that good Christians will not meddle with the mystery of iniquity. But there is a method in his fury. It sprang, not from ignorance, for he was versed in scholastic philosophy, but from a conception which made the learning of the schools appear trivial or mischievous.<sup>4</sup>

Luther's familiarity with canon law and the scholastic writers is unquestioned. His reaction to this body of literature set the pattern for numerous other Protestant thinkers: official hostility, but with citations from the banned materials whenever convenient. Luther's statement of rejection is straightforward: "More than enough is written in the Bible about how we should behave in all circumstances. The study of canon law only hinders the study of the Holy Scriptures. Moreover the greater part smacks of nothing but greed and pride."<sup>5</sup> The Bible is our guide, not these speculations of greedy men. "Why should we waste our time studying them?" This question bore its own answer.

To some extent, Luther abided by his principle of rejection. This is especially notable in the case of his discussion of the historical and theological origins of private property. The old debate, which extended back to the Greek philosophers, had focused on the issue of whether private property is natural or simply conventional, that is, the creation of positive human law.<sup>6</sup> Luther was barely interested in such quibbling. All that he was willing to affirm was that under pre-Fall conditions, Adam and his descendants would not have been subject either to greed or to shortages.<sup>7</sup> Even this minimal statement is probably excessive, Luther said: "But it is vain to mention these things; they cannot be acquired by thought, and they are irrecoverable in this life."<sup>8</sup> So much for 1500 years of debate. On this point Luther was followed by the major Protestant Reformers; they devoted few words to the discussion of the origins of private property. The medieval categories simply disappeared.

4. R. H. Tawney, *Religion and the Rise of Capitalism* ([1937] 1954), 80.

5. Luther, "To the Christian Nobility of the German Nation Concerning the Reform of the Christian State" (1520), *LW* (1966), XLIV, 202.

6. Richard Schlatter, *Private Property: The History of an Idea* (1951), chaps. 3, 4.

7. Luther, "Lectures on Genesis" (1535), *LW* (1960), II, 71: Gen. 1:28.

8. *Ibid.*: Gen. 1:29.

The commandment prohibiting theft (seventh in Luther's *Greater Catechism*, eighth in Calvin's writings) had been the foremost foundation for medieval defenders of the rights of private property. It was clear to all commentators that God had drawn a protective shield around the institution of private ownership. Luther did not depart from this tradition:

Next to thine own person and thy wedded wife, thy worldly goods stand closest to thee, and God desires that they shall be secured to thee, and therefore commands that no one shall take away or lessen any portion of his neighbor's possessions. For stealing means the unlawful appropriation of another's goods, or, to give it briefly, to derive any sort of advantage from thy neighbor's disadvantage. Now this is a very common sort of vice. . . .<sup>9</sup>

Winning advantage from another's disadvantage: here Luther found a principle by which to broaden the implications of theft. He then launched an attack on business ethics: "For, as has been said, stealing not only signifies the emptying of chests and pockets, but also taking advantage of others at market, warehouses, wine and beer cellars, workshops, in short, wherever men transact business and take and give money for goods and labour."<sup>10</sup> The remainder of Luther's comments on the commandment is devoted to a consideration of all the evils connected with false dealings in the marketplace. Maids and servants do not care for their master's goods, and indolent laborers cheat their employers. These cheating workers "are far worse than clandestine thieves, who can be checked by bolts and bars. . . ."<sup>11</sup> False merchandise is offered for sale, false weights and measures abound, overcharging is common; the rich are as bad as the poor:

And if we were to examine all the different grades of society, we should find that they were nothing but a huge stable, full of great thieves. They are robbers in high position, land thieves and road thieves, and not mere pillagers of chests and ordinary cunning thieves; they sit in high places, are looked up to as great folk, and rob and cheat honest, virtuous citizens under show of good appearance.<sup>12</sup>

Written in 1529, the *Greater Catechism* displays language more characteristic of Luther prior to the Peasant's Revolt of 1525: "Yea, we might well let alone the lesser thieves, if we could arrest only the great, powerful arch-thieves, with whom princes and rulers associate, who daily ransack not one or two towns, but all Germany."<sup>13</sup> The pope, of course,

9. Luther, "Greater Catechism" (1529), in Wace and Buchheim, eds., *Luther's Primary Works* (1896), 72.

10. *Ibid.*

11. *Ibid.*, 73.

12. *Ibid.*

13. *Ibid.*, 75.

was Luther's chief villain; he is the greatest thief of all. But God will hold all thieves responsible, demanding a thirty-fold restitution payment.<sup>14</sup> Thieves shall rob thieves, cheating each other. Thus shall it be for evil day-laborers.

Thus shall it be with all those who make the public market place a mere fleecing-house and den of thieves, where the poor are daily cheated, new burdens imposed, extortions made, and everyone makes use of the market in his own wilful way, proud and defiant, as though he had a good right to sell at as high a price as he chose, and none could interfere.<sup>15</sup>

Luther, writing a year before the publication of the *Greater Catechism*, had provided an example of just this kind of cheating: "When a poor woman comes to you with two pennies to buy a half a pound of meat, you dare not drive her away; you must give it to her or you will have an angry God. The same applies to tailors, brewers, and others."<sup>16</sup> Yet in this same sermon, he succeeded in obfuscating what he had written just a few pages earlier: "Anyone may sell what he has for the highest price he can get, so long as he cheats no one."<sup>17</sup> He then pointed to false weights and measures as the basis of cheating, citing Proverbs 11:1. Luther promised riches to the honest tradesman who conforms to these rules of fair dealing: "On the other hand, if you carry on your trade fairly and do not steal, hear the God who says: You shall be rich and blessed. Otherwise he will scatter it as dust."<sup>18</sup> The virtuous, ultimately, shall never be found in economic want.<sup>19</sup> But Luther was unable to spell out the specifics of virtuous dealing in the realm of economics.

Luther's classic statement on the limits to be imposed on the exercise of property rights is his essay on trade and usury (1524). Its perspective is medieval. Like the scholastic conservative commentators before him especially those of the twelfth and thirteenth centuries, he opposed *free pricing*. Merchants may not follow the rule of buying low and selling high. "On such a basis trade can be nothing more than robbing and stealing the property of others. . . . The rule ought to be, not, 'I may sell my wares as dear as I can or will,' but, 'I may sell my wares as I ought, or is right and fair.'"<sup>20</sup> The problem for Luther's analysis, as it had been with the earlier scholastics and canonists, concerned the ethical limits of fairness. How dear may the merchant sell?

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14. *Ibid.*

15. *Ibid.*

16. Luther, "Ten Sermons on the Catechism" (1528), *LW* (1959), LI, 156.

17. *Ibid.*, 158.

18. *Ibid.*, 156.

19. "Greater Catechism," *Primary Works*, 76.

20. Luther, "Trade and Usury" (1524), *LW* (1962), XLV, 248.

Answer: that is something that will never be governed either by writing or speaking; nor has anyone ever undertaken to fix the value of every commodity, and to raise and lower prices accordingly. . . . Now it is fair and right that a merchant take as much profit on his wares as will reimburse him for their cost and compensate him for his trouble, his labor, and his risk.<sup>21</sup>

This, of course, is a return to the official medieval position of "cost of production." And just as late medieval writers had to abandon it for something resembling a competitive market price, so did Luther. The common price should reign where temporal authorities are unable or unwilling to appoint local experts of known character to fix prices; this will mean that the market price should be in effect, since most authorities will not bother.<sup>22</sup> When neither the authorities nor the market determines the just price, a man's *conscience* must once again take the lead: "Where the price of goods is not fixed either by law or custom, and you must fix it yourself, here one can truly give you no instructions but only lay it on your conscience to be careful not to overcharge your neighbor, and to seek a modest living, not the goals of greed."<sup>23</sup>

Luther's specific pronouncements on the *lending of money at interest* are frequently self-contradictory, but in general he was opposed to all forms of interest. Christians should never demand repayment of a loan; that is for the secular authorities to do. He admitted, however, that if the authorities were as generous as Christians had to be with regard to repayment, "trade of all sorts would greatly diminish and virtually cease."<sup>24</sup> Thus, sales should always be in cash.<sup>25</sup> Men should lend only to fellow Christians, expecting no increase. There should be no increase in prices for time payments on goods; such a practice is usurious.<sup>26</sup> Lending to a merchant at a fixed rate of return (which implies a lack of risk on the lender's part) is also wrong.<sup>27</sup> Even *lucrum cessans*—the right of taking an increase if, because of the charity loan, the lender forfeited a legitimate profit elsewhere—was banned by Luther, in spite of the fact that the later scholastics accepted it. He went back to the definition of lending provided by Aquinas: in lending, a man gives away his money; he can therefore not expect a return on what is no longer his.<sup>28</sup> Equally Thomistic is Luther's explanation that one "cannot make money with money."<sup>29</sup> Money is sterile: here is the old Aristotelian thesis which the later scholastics, at least those specializing in economic ethics, could see is a meaningless concept (since money is used productively in trade, it should not be regarded as "sterile"). Luther, therefore, represents a

21. *Ibid.*, 249.

22. *Ibid.*, 249-50.

23. *Ibid.*, 250.

24. *Ibid.*, 257.

25. *Ibid.*, 259-60.

26. *Ibid.*, 261-62.

27. *Ibid.*, 268.

28. *Ibid.*, 293-94.

29. *Ibid.*, 299.

return to the earlier scholasticism in his opinions on usury, a conservative reaction to Catholic liberalizing thinkers like John Eck, the official theological spokesman for the banking practices of the Fuggers.<sup>30</sup>

Luther, despite his straightforward pronouncements in one place, often reversed himself in another, especially when he was called upon to deal with a concrete, practical situation. His ambivalence toward the *Zinskauf* is typical. Medieval law had accepted the right of men to exchange a piece of *land* for a future rent (*Rentenkauf*), but this practice was subsequently followed by the exchanging of *money* for a future rent. Throughout the sixteenth century, Catholic theologians and lawyers debated the validity of such a contract, which in operation could amount to a usurious loan. Some defended it as a purchase, not of money itself but a *right* to money; others saw it as the purchase of future fruits of a man's labor. This contract, the *census*, was the *Zinskauf* of Germany. Noonan's summary is important: "Acceptance of the contract is not unanimous, but there is certainly enough scholastic opinion in its favor to justify any one using it in practice; and the use of the contract seems universal." Luther, writing in the midst of the debate, certainly would have agreed with Noonan's evaluation of the Roman Catholic position: "Here again an operation which in practice is indistinguishable from a loan has been analyzed from another standpoint and found licit."<sup>31</sup> The state, Luther said, should abolish it.<sup>32</sup> Not only is it usurious, he argued, but it has brought Germany to the point of economic ruin. It has also led to excessive luxury and ostentation: "If that did not exist many a man would have to leave his silks, velvets, golden ornaments, spices, and display of every kind unbought."<sup>33</sup>

One would therefore expect Luther to have recommended immediate action on the part of young Johann Friederich of Saxony to abolish the *Zins* when, in 1524, the young man wrote to Luther for advice. Yet in his letter, Luther despaired of ever abolishing such economic practices in this evil world. This was his recommendation:

I do not advise your Grace, however, to protect people in their refusal to pay interest or to prevent them from paying it, for it is not a burden laid upon people by a prince in his law, but it is a common plague that all have taken upon themselves. We must put up

30. On Eck's position, see John T. Noonan, *The Scholastic Analysis of Usury* (1957), 208ff. Tawney emphasizes Luther's official conservatism as a reaction to "the sophistry of the canonists." Tawney, "Introduction," Thomas Wilson, *A Discourse on Usury* ([1572] 1969), 111. Tawney's essay appeared in 1925.

31. Noonan, 248. For a treatment of the debate over the *census*, see Noonan, chap. 11. Cf. editor's note, Luther, "Treatise on Good Works," *LW* (1966), XLIV, 96n.

32. Luther, "Good Works" (1520), *LW*, XLIV, 96.

33. Luther, "Christian Nobility," *LW*, XLIV, 213.

with it, therefore, and hold debtors to it and not let them spare themselves or seek a remedy of their own, but put them on a level with everybody else, as love requires, even though at loss to themselves, until God puts it into the hearts of the princes to agree to some change.<sup>34</sup>

In practice, therefore, regulation of interest rates was the only practical alternative, and Luther took it.<sup>35</sup> Interest rates should not go over five percent in normal times, or perhaps a bit more. This, ironically, is exactly the practical solution which the Jesuits were to affirm in 1581, a decision accepted by a majority of Luther's contemporary Catholic casuists.<sup>36</sup> In fact, such a five percent contract became known as "the German contract." By placing the operation of secular law in the hands of secular rulers, advising those rulers to act in terms of pragmatic reality, that is, realizing the weakness of morals of a debtor population, Luther created the religious foundation necessary for the ultimate acceptance of whatever economic practices a secular culture might establish.

Luther's official denial of any necessity to follow Mosaic law did not keep him from appropriating certain features of that law code as ideals to be imitated, even as his rejection of canon law did not prevent him from citing passages from that source whenever it seemed convenient.<sup>37</sup> His ultimate ideal with respect to usury, as he wrote to young Johann, was the tithe. The truly objectionable feature of the *Zins* contract is the fixed nature of the debt. The tithe of the Old Testament was always proportional to God's economic blessing. That should be true of the *Zins*: "In this way the amount of the *zinss* could not be fixed, nor would that be necessary."<sup>38</sup> In short, lending at interest, in order to be legitimate, must involve the lender in the *risks* of the debtor's affairs; the lender, in effect, becomes a business partner of the debtor. Any return is therefore a profit on business, not usury. Luther's position here is once again more conservative than his Catholic contemporaries, who were in the process of making *lucrum cessans* a legitimate excuse to take interest in all loans, and not just charitable loans, as had been the case until the sixteenth century.<sup>39</sup> Anyone who could show that a loan might have been used for alternative profitable investments, Catholic casuists

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34. Quoted in Benjamin N. Nelson, *The Idea of Usury* (1949), 52.

35. Luther, "Trade and Usury," *LW*, XLV, 305.

36. Noonan, 212ff. Cf. Noonan, "The Amendment of Papal Teaching by Theologians," in Charles E. Curran, ed., *Contraception: Authority and Dissent* (1969), 41-75.

37. Luther, "How Christians Should Regard Moses" (1525), *LW* (1960), 161-74. On Luther's eclectic position on law, see A. Lang, "The Reformation and Natural Law," *The Princeton Theological Review* VII (1909), 188.

38. Luther, "Trade and Usury," *LW*, XLV, 309.

39. Noonan, chap. 12.

now argued, was entitled to a return on his money, a far easier thing to prove in the expanding economies of the sixteenth century. Luther said no; the only legitimate returns on a loan must involve the lender in risk or else property—immobile, hard property—must be exchanged by a debtor for money, that is, a *Rentenkauf*, which canon law had accepted from the beginning.

Luther's traditionalism exhibits itself when he discusses the *stewardship* principle. Wealth is acceptable where charity is displayed, as the case of Abraham demonstrates. Abraham made good use of his possessions, as all men should, "whether you are in the married state, in public office, or in another situation." All possessions "are good in themselves, like your eyes, ears, tongue, and limbs, which were created and given to you by God."<sup>40</sup> Francis of Assisi is not to be our guide: "Why should we prefer Francis to Abraham?" He then turned to the old concept of *status* as the basis of a man's display of wealth: "As for you, reform your mind, and use these things with a sincere heart. If God has given you wealth, give thanks to God, and see that you make the right use of it; if he has not given it, do not seek it greedily."<sup>41</sup> Status determines a man's proper calling:

What does the righteousness of this world mean except that every man should do in his class what he ought? What does that same law of one's class mean? What does it mean to have rights as men and women, as children, and as domestic servants? or what does it mean to have civil rights? Surely all this means that they are to look after and rule other people, and thus exercise their office with care and faithfulness, and that also truly and willingly they are to render the same service and obedience to others.<sup>42</sup>

Luther sketched a picture of a class society divided up in terms of collective, community service, each class having its own rights, wealth, and responsibilities. Troeltsch, summarizing the overall thrust of Luther's class system, writes:

To put it briefly: this system of vocational organization is a stable class-system of a patriarchal kind, fixed by Divine appointment in the Old Testament and by the Law of Nature, to which each individual belongs, in permanent categories, usually receiving at birth his assigned calling.<sup>43</sup>

Luther obviously was not willing to depart from the social categories of the medieval world in his concept of Christian stewardship and his con-

40. Luther, "Lectures on Genesis," *LW*, II, 329: Gen. 13:2.

41. *Ibid.*, 331.

42. Quoted in Ernst Troeltsch, *The Social Teaching of the Christian Churches* ([1911] 1931), II, 846.

43. *Ibid.*, II, 473.

comitant defense of personal wealth and his conservatism in accepting personal poverty among the masses of the population.

What, then, made Luther a major figure in the advent of the modern world? Tawney points to the *implied individualism* of Luther's doctrine of salvation through faith alone. Tawney thinks that it undercut the entire foundation of the medieval social hierarchy, a theory constructed on the assumption of society as an integrated organism, "an organism of members contributing in their different degrees to a spiritual purpose. . . ." Luther shattered that vision:

Grace no longer completed nature: it was the antithesis of it. Man's actions as a member of society were no longer the extension of his life as a child of God: they were its negation. Secular interests ceased to possess, even remotely, a religious significance; they might compete with religion, but they could not enrich it. Detailed rules of conduct—a Christian casuistry—are needless and objectionable: the Christian has a sufficient guide in the Bible and in his own conscience.<sup>44</sup>

Then why was Luther so fully committed to a social world that was essentially medieval in outlook? How did Luther reconcile his religious individualism with the economic and political authoritarianism so necessary to any medieval or semi-medieval hierarchical structure? He wanted the state to regulate monopolies,<sup>45</sup> to control the high cost of clothing, to abolish gluttony and drunkenness,<sup>46</sup> and to regulate interest rates. How could a consistent individualist recommend such measures, if, as Tawney argues, Luther was an individualist? Charles Trinkaus has offered a cogent explanation: Luther was an ethical dualist.<sup>47</sup> As Tawney says, nature and grace are radically different components in Luther's thought. Based on his contrast between salvation by internal faith and salvation by external acts, Luther built an operational dualism into his social ethics. All callings are equally meritorious before God so long as they serve the community. "Religion and morality," Trinkaus writes, "with their values of faith and community, should then be confined to their true inner subjective sphere, and secular matters should be judged objectively and pragmatically."<sup>48</sup>

Trinkaus relies heavily on Luther's essay of 1523, "Temporal Authority: To What Extent It Should Be Obeyed." There Luther gave

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44. Tawney, *Religion*, 87.

45. Luther, "Trade and Usury," *LW*, XLV, 266-67.

46. Luther, "Good Works," *LW*, XLIV, 95.

47. Charles Trinkaus, "The Religious Foundations of Luther's Social Views," in John H. Mundy, et al., *Essays in Medieval Life* (1955), 71-87. Cf. Troeltsch, II, 499ff.; Lang, "Reformation and Natural Law," 184ff.

48. Trinkaus, *ibid.*, 78.



advice to temporal princes: they must rule with wisdom, and not simply in accord with the letter of the civil law. *Reason*, not the Bible, must be the rule in the *secular affairs* of civil government:

For no matter how good and equitable the laws are, they all make an exception in the case of necessity, in the face of which they cannot insist upon being strictly enforced. Therefore, a prince must have the law as firmly in hand as the sword, and determine in his own mind when and where the law is to be applied strictly or with moderation, so that law may prevail at all times and in all cases, and reason may be the highest law and the master of all administration of law.<sup>49</sup>

Yet Luther immediately qualified his faith in reason as a guide in temporal affairs: the ruler also needs the direct guidance of the Holy Spirit, for it is He who will provide the prince with the proper "attitude":

A prince must follow this example [I Kings 3:9] and proceed in fear; he must depend neither upon dead books nor living heads, but cling solely to God, and be at him constantly, praying for a right understanding, beyond that of all books and teachers, to rule his subjects wisely. For this reason I know of no law to prescribe for a prince; instead, I will simply instruct his heart and mind on what his attitude should be toward all laws, counsels, judgments, and actions.<sup>50</sup>

The door to totally pragmatic rule is left wide open: the prince has no concrete guide—not the laws of Moses, not books, not unassisted reason—but only the whisperings of the Holy Spirit (hopefully unmixed with the prince's own spirit). Luther's view of the impact of religious precepts on secular law led him into the quicksands of social antinomianism.<sup>51</sup>

Christians are supposedly radically free internally from anything resembling law. They are subject to external authority only because godless men require princes to rule over them with an iron rod. "Here we must divide the children of Adam and all mankind into two classes, the first belonging to the kingdom of God, the second to the kingdom of the world."<sup>52</sup> Luther's pessimism—an eschatological pessimism<sup>53</sup>—reveals itself at this point:

49. Luther, "Temporal Authority: To What Extent It Should Be Obeyed" (1523), *LW* (1962), XLV, 118-19.

50. *Ibid.*, 119.

51. Cf. Gary North, "Social Antinomianism," *An Introduction to Christian Economics* (1973), chap. 30.

52. Luther, "Temporal Authority," *LW*, XLV, 88.

53. John M. Headley, *Luther's View of Church History* (1963), 251ff., 256, 264-65. Cf. George F. Hall, "Luther's Eschatology," *The Augustana Quarterly* XXIII (1944), 16. T. F. Torrance, *Kingdom and Church* (1956), chap. 2, esp. 71-72.

. . . Certainly it is true that Christians, so far as they themselves are concerned, are subject neither to law or sword, and have need of neither. But take heed and first fill the world with real Christians before you attempt to rule in a Christian and evangelical manner. This you will never accomplish; for the world and the masses are and always will be un-Christian, even if they are all baptized and Christian in name. Christians are few and far between (as the saying is). Therefore, it is out of the question that there should be a common Christian government over the whole world, or indeed over a single country or any considerable body of people, for the wicked always outnumber the good.<sup>54</sup>

Christians may serve as sword-bearers so long as they do not pursue their own Christian, personal ends; they serve only for the sake of external order, a secular order established for the benefit of the irreligious welfare of the true Christian's neighbor. "Although you do not need to have your enemy punished, your afflicted neighbor does."<sup>55</sup> That is why the ruler may only bear his sword over non-Christians, for "the righteous man of his own accord does all and more than the law demands."<sup>56</sup> The unrighteous do nothing that the law demands; they need restraint.

What should the Christian do if he does not find himself in the position of ruler? His task, Luther firmly believed, is to suffer passively under whatever burdens life brings. Suffering is the mark of true Christianity:

Now observe, these people need no temporal law or sword. If all the world were composed of real Christians, that is, true believers, there would be no need for or benefits from prince, king, sword, or law. They would serve no purpose, since Christians have in their heart the Holy Spirit, who both teaches and makes them to do injustice to no one, to love everyone, and to suffer injustice and even death willingly and cheerfully at the hands of everyone.<sup>57</sup>

Thus, "all those who avenge themselves or go to law and wrangle in the courts over their property and honor are nothing but heathen masquerading under the name of Christians."<sup>58</sup>

The world cannot be ruled by the gospel. The gospel is too mild socially; it would involve the free reign of the heathen beasts—the reign of chaos.<sup>59</sup> Christians must be merciful in all things; secular governments

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54. Luther, "Temporal Authority," *LW*, XLV, 91. The function of the state, says Torrance, was simply to preserve the *status quo* and permit godly preaching. Torrance, 44.

55. *Ibid.*, 94.

56. *Ibid.*, 89.

57. *Ibid.*

58. *Ibid.*, 102.

59. *Ibid.*, 91.

could not rule if they were to demonstrate equal mercy.<sup>60</sup> The two kingdoms cannot be mixed: "Now he who would confuse these two kingdoms—as our false fanatics do—would put wrath into God's kingdom and mercy into the world's kingdom; and that is the same as putting the devil in heaven and God in hell."<sup>61</sup> Therefore, the secular government must rule the realm of law and economics on a purely secular basis. "This is necessary in order that the world may not become a desert, peace vanish, and men's trade and society be utterly destroyed; all of which must happen if we were to rule the world according to the gospel, rather than driving and compelling the wicked by laws and the use of force to do and to allow what is right."<sup>62</sup>

The prince is guided by no firm rules; the Christians, in their private affairs, must submit themselves to external compulsion. Trinkaus can conclude, with considerable justification: "Morality in economic affairs thus remains subjective and a matter of intention; practice is governed by external circumstance."<sup>63</sup> Christians in day-to-day life are therefore free to follow the basic pattern of economic life, so long as they do not compel others to follow their lead. Trinkaus argues that the businessman now had an ethical escape hatch: he could always fall back upon the excuse that he had *intended* to deal properly with his neighbors. The fluid nature of business affairs left him further leeway. "Luther furnished the means for avoiding the bad conscience that would result from a literal application of moral absolutism."<sup>64</sup> Trinkaus, however, should have tempered this statement with a qualifying remark: to the extent that the Lutheran businessman was consistent with Luther's precepts, he had to stay out of the courts, lend only to other Christians, and deal only in cash. But businessmen were not likely to hang onto those precepts of Luther so hard as they clutched the new *freedom of conscience* that Lutheran individualism provided.

It should not be thought that the medieval canonists were "moral absolutists" in the sense that they left no room for the rule of personal conscience. Their inability to find hard and fast rules regarding the just price, certain forms of interest, and other economic practices forced them to appeal to *conscience* and the individual's *intention*. The difference would seem to be in Luther's denial that external society was in any way Christian in his day, nor would it be in the future. The medieval thinkers could never have assumed this to be the case; hence, the secular

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60. Luther, "An Open Letter on the Harsh Book Against the Peasants" (1525), *LW*, XLVI, 70.

61. *Ibid.*

62. Luther, "Trade and Usury," *LW*, XLV, 258.

63. Trinkaus, 85.

64. *Ibid.*, 86.

authorities were expected to shape society in terms of concrete law, Christian law. Whatever leeway existed with regard to the rights of property existed within an overall Christian legal framework; the rule of intent was more forcefully bounded by universal law. Luther abandoned this vision when he internalized Christianity, thereby leaving secular pragmatism a theoretical right to set external rules of order. Thus, Trinkaus' evaluation would seem to be justified: "The real social meaning of Lutheranism lies in its ethical sentimentalism (which gives the individual a sense of his own decency and nobility in the inmost recesses of his heart), combined with a shrewdness in external dealings which needs no justification because that is 'the way things are.'"<sup>65</sup> The restraining external authority was itself freed from the restrictions imposed by permanent standards of economic justice. Beyond the minimum standards of Christian charity, coupled with a repugnance of positive Christian social action, Luther left Christian stewardship at the mercy of the economic standards of the day. Officially, he was socially and economically medieval; in practice, he destroyed the very foundation of medieval religious law. He undercut the basis of his own economic conservatism.

Luther's perspective was comparable to Aquinas'; his ideal was that of the *godly urban merchant* whose charity is constant and who is content with his status in life. This idealized merchant is productive without gouging his competition; his conscience, rather than the economic parameters of an impersonal market, guides his business decisions. How a modern industrial society might be run, or how international trade and the consequent division of labor might be organized, neither Luther nor Aquinas could say precisely. Yet in the years between 1550 and 1650, the emergence of a small-scale industrial society took place in northern Europe.<sup>66</sup> Many of these urban, industrial pockets within the overall agricultural culture were Protestant, even devoutly Protestant. The impersonal reality of the market made itself felt in the decisions of both employers and the employed. Questions relating to the conscience were necessarily externalized, so that faithful Christians needed to be informed

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65. *Ibid.*, 79. Trinkaus' comments on Lutheranism are generally applicable to Melanchthon's economic thought as well as to Luther's. On Melanchthon's view of property, see *Melanchthon on Christian Doctrine: Loci Communes 1555*, ed. Clyde L. Manschreck (1965), 115f., 137. God has established a wall around private property with His commandment against theft. He commands charity and prohibits fraud, usury, and other economic pressures. Begging is allowed only when the beggar offers some service in return, such as teaching. Property, a gift from God, may not be squandered recklessly, whether on luxuries or on charitable giving. In short, Melanchthon did not go beyond the basic outline set forth by Luther on this subject.

66. John U. Nef, *Cultural Foundations of Industrial Civilization* (1957), 59-60; Nef, *Industry and Government in France and England, 1540-1640* ([1940] 1964).

about the legitimate uses of their goods and the limitations imposed on their actions by the law of God. It was therefore imperative that rules and measures of a moral political economy be discovered. In the absence of both internal and external restraints, property could too easily be transformed into an impersonal weapon of private and public oppression. If Christian guidelines—concrete, enforceable guidelines—could not be found, then the uses of property would become secularized, and from the perspective of Martin Luther, necessarily demonic.

### *Calvin*

Arthur Dakin writes concerning Calvinism, "There is here a veritable tenacity concerning private property. . . . Thus if Calvinism did something to destroy the divine right of kings it did much to put in its place the divine right of property. . . ." <sup>67</sup> If this evaluation is correct, what factors differentiated it from Lutheranism or late medieval Catholicism?

Ernst Troeltsch explains the chief differences between Luther's faith and Calvin's in terms of the doctrine of the *calling*. According to Troeltsch, Luther stressed the necessity of passive obedience to rulers, a quiet acceptance of one's station in life. Calvin, on the other hand, held a more activist doctrine of the calling, a process of active domination over the earth for the glory of God. <sup>68</sup> Calvinism's emphasis on the necessity of systematic labor led to a new view of reality:

The characteristic element is everywhere unlimited industry with solely spiritual recreation, the cutting down of the sense-life to the unavoidable minimum, but without bodily injury or mortification, the purely utilitarian treatment of all secular things as mere means and the exclusion of all that is earthly from this aim, the methodical and systematic discipline and direction towards a final end in the other life. In all these things Lutheranism is much more lax, spontaneous, instinctive, and, above all, less logical. <sup>69</sup>

This distinction in the view of the calling was also basic to the exposition of Calvinism made by Weber, although Troeltsch devotes more space to the subject. <sup>70</sup> R. H. Tawney says that this emphasis on Lutheran-Calvinist distinctions regarding the calling is a matter "of personal judgment, not of precise proof." He argues that both Weber and his critics, and Tawney himself, made too much of the Calvinist applications of the doctrine of the calling. <sup>71</sup> That other theological issues

67. Arthur Dakin, *Calvinism* (1956), 205.

68. Troeltsch, *Protestantism and Progress* (1912), 83ff.; *Social Teaching*, II, 473ff., 495, 577, 597, 645ff.

69. Troeltsch, *Social Teaching*, II, 891.

70. Max Weber, *The Protestant Ethic and the Spirit of Capitalism* ([1905] 1958), 160-61.

71. Tawney, *Religion*, 7.

are even more crucial—eschatology, law, conscience—is the thesis of this essay.

It is an exceedingly difficult task to distinguish Luther from Calvin on social and economic questions. Weber, for example, tried to place Luther's view of the calling into a medieval pattern: "The individual should remain once and for all in the station and calling in which God had placed him, and should restrain his worldly activity within the limits imposed by his established station in life."<sup>72</sup> As Weber noted, this originated with Paul's teaching, but, according to Weber, this belief in a fixed station was intensified by medieval Christian thought. "Starting from this background, it was impossible for Luther to establish a new or in any way fundamental connection between worldly activity and religious principles. . . . Thus for Luther the concept of the calling remained traditionalistic."<sup>73</sup> The problem then arises as to how Luther's view can be separated from Calvin's. Calvin was equally a follower of Paul, as his comments on I Corinthians 7:20-21 and I Corinthians 12:4 indicate. Calvin admitted, as Paul did, that some upward social mobility was in certain cases desirable (for example, the servant who is offered his freedom, I Cor. 7:21); still, Calvin cites Paul as condemning "the restlessness which prevents individuals from remaining contentedly as they are. . . ."<sup>74</sup> Freedom, because "it gives more opportunity than slavery," is preferable, but from the very institution of slavery "we infer, not only that there are, by the providence of God, distinct stations in society, but also the Word directs us not to ignore them."<sup>75</sup> Men must bring whatever gifts they have "to the common stock."<sup>76</sup> Paul's famous passage on the division of gifts in the church, which he compares to the functioning of a human body, is used by Calvin to support a defense of inequality that would have been thoroughly approved by Aquinas: "Equality is therefore in conflict with the well-being of the body, because it gives rise to confusion, which in turn leads to instant disaster."<sup>77</sup> Calvin, on this point, was as traditional as Luther.

Private property is unquestionably valid in Calvin's view. Like earlier Christian commentators, the prohibition of theft is a crucial part of his economics. He saw theft in its wider implications of fraud and oppression, just as Luther had argued before him. An indolent steward is

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72. Weber, *Protestant Ethic*, 85.

73. *Ibid.*

74. John Calvin, *The First Epistle of Paul the Apostle to the Corinthians* ([1546] 1960), 153: 7:20.

75. *Ibid.*, 154: 1:21.

76. *Ibid.*, 260: 12:4.

77. *Ibid.*, 267: 12:17.

therefore a thief.<sup>78</sup> The rights of property are to be balanced by the corresponding duties: “. . . let it be our constant aim faithfully to lend our counsel and aid to all so as to assist them in retaining their property; or if we have to do with the perfidious or crafty, let us rather be prepared to yield somewhat of our right than to contend with them.”<sup>79</sup> Property rights are clearly not absolute. “This commandment, therefore, we shall duly obey if, contented with our own lot, we study to acquire nothing but honest and lawful gain. . . .”<sup>80</sup> Charity is mandatory. Fraud and all oppression are forbidden.<sup>81</sup>

Personal responsibility with respect to charity is determined by one's status: “Let every one, I say, thus consider what in his own place and order he owes to his neighbors, and pay what he owes.”<sup>82</sup> In all things, men must give an account to God, for all of our property has been given as a trust from God.<sup>83</sup> God “deals more liberally with us than with others, for this end—that some portion of our abundance may come to the poor. . . .”<sup>84</sup> Thus, he concluded,

As he consecrates to their use what we abound in, we become guilty of sacrilege whenever we give not to our brethren what God commands us; for we know that he engages to repay, according to what is said in Prov. xix. 17, ‘He who gives to the poor lends to God.’<sup>85</sup>

So far, Calvin sounds very much like Luther. His exposition on the eighth (seventh) commandment is remarkably similar in structure to Luther's. He too was opposed to gaudy displays of wealth that are defended in the name of Christian liberty:

For there is scarcely any one whose means allow him to live sumptuously, who does not delight in feasting, and dress, and the luxurious grandeur of his house, who wishes not to surpass his neighbor in every kind of delicacy, and does not plume himself amazingly on his splendour. And all these things are defended under the pretext

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78. *Institutes of the Christian Religion* ([1559] 1962), Bk. II, chap. 8, sec. 46. All references to the *Institutes* will be the original notation, which is standard in all editions. The Beveridge translation, unless otherwise noted, is used.

79. *Inst.*, II, 8, 46.

80. *Ibid.*

81. Calvin, *Commentaries on the Four Last Books of Moses* (1950), III, 110-11: 8th commandment; 120: Lev. 19:35, 36; Deut. 25:13-16. This study was published posthumously in 1573.

82. *Inst.*, II, 8, 46.

83. *Inst.*, III, 10, 5; III, 7, 5. Cf. Arthur C. Cochrane, “Reformed Teaching Concerning Stewardship,” unpublished ms. presented to the United Presbyterian Church's Consultation on Stewardship, Atlantic City, N. J., May, 1959.

84. Calvin, *Commentaries on the Twelve Minor Prophets* (1950), V, 586, quoted by Cochrane, 20.

85. *Ibid.*

of Christian liberty. They say they are things indifferent: I admit it, provided they are used indifferently.<sup>86</sup>

Nevertheless, Calvin saw no *a priori* value in suffering, self-denial, and wretched living in those cases where God grants to his servants the economic resources to escape poverty. Riches are fine if used without envy and within the framework of charity.

Certainly ivory and gold, and riches, are the good creatures of God, permitted, nay, destined, by divine providence for the use of man; nor was it ever forbidden to laugh, or to be full, or to add new to old and hereditary possessions, or to be delighted with music, or to drink wine.<sup>87</sup>

But men must not "roll and wallow in luxury," he wrote, nor should they "inebriate the heart and mind with present pleasures," perpetually grasping at new ones.<sup>88</sup> In short, the key is Christian "moderation."

Here is at least a possible distinction between Luther and Calvin. Luther's emphasis was on Christian suffering, if not for the sake of suffering, then because this world offers little opportunity for the Christian man to escape the pressures of poverty. Eschatologically, Luther was pessimistic with regard to this world. Calvin, however, was less pessimistic, or so it would seem: the wealthy man should enjoy his gifts from God. He must avoid an overemphasis on present earthly pleasures, conserving his capital. The implication is that saving has moral benefits associated with it. The Christian must practice what sociologists and psychologists refer to as deferred gratification. It is this aspect of Calvin's thought which has fascinated scholars like Weber.

The distinction between Calvin and Luther is not total, however. Calvin in other passages warned against ivory beds and precious ointments, in spite of the fact that he acknowledged their legitimacy in the *Institutes*.<sup>89</sup> Frugality and moderation are equally the goals of both reformers, and both concepts are relative to a person's station in life. Luther's teachings on the necessity of suffering became prominent after his death; Calvin's instructions concerning the valid exercise of wealth and the necessity of deferring present pleasures could be used by his followers not merely to

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86. *Inst.*, III, 19, 9.

87. *Ibid.*

88. *Ibid.*, using in this case the Allen translation (1936). The 1541 French reads: "... s'il enivre son âme son coeur aux voluptez présentes. . . ."

89. Cf. comments on James 5:5 in his *Commentary on the Catholic Epistles* (1959), 346. The commentary on James was first published in 1550. Covetousness is forbidden (*Commentary on a Harmony of the Evangelists* [(1560) 1957], II, 396-97: Matt. 19:21), but not all luxury as such (*Harmony*, I, 302: Matt. 5:42; Luke 6:34, 35).



justify suffering, but to promote earthly, temporal progress. There was no obvious *a priori* pessimism in Calvin's perspective, while there was in Luther's. The distinction in practice between *suffering* and *saving* stands as a possible differentiation in the minds of later Protestants: the first is inescapably aimed at heavenly reward, while the second is amenable to rewards to be experienced in the future, but in time and on earth. Gratification is deferred, but not necessarily deferred until the day of judgment.

Eschatology is one important determining factor in establishing an earthly *Weltanschauung*. Luther's of course, was pessimistic; it can generally be summarized as amillennial, parallel to Augustine's. Calvin's on the other hand, was ambivalent. Like Luther, he never wrote a commentary on the book of Revelation, indicating an unwillingness on his part to deal extensively with the more difficult aspects of Christian eschatology. His comments on the definitely optimistic passages in Isaiah 65 and 66, as well as on the earlier kingdom verses of Isaiah 2, do not reveal clearly whether he regarded these as fulfilled in actuality before or after the final judgment. The postmillennial position, which sees God's covenant blessings coming before the end-time, was carried on by many Puritan groups and by the Princeton wing of American Presbyterianism. The amillennial position, more common to twentieth-century Calvinism, had its defenders in the Netherlands, where Calvinists, almost by definition, have been pessimistic with regard to any earthly manifestation of an outward kingdom; the victory is seen as spiritual, not external. Both sides could use certain of Calvin's arguments to support one or another aspect of the respective positions, although the amillennialists seem to have had the stronger case. Leroy Edwin Froom's study of Christian eschatology summarizes Calvin's views in the chapter title, "Calvin: Clear Only Regarding Antichrist."<sup>90</sup> But his very ambivalence set him apart from Luther, who was straightforwardly a pessimist. Thus, later Calvinists of the postmillennial persuasion had the exegetical option of transforming the idea of *personal suffering* into *present saving*. A potential distinction between Luther and Calvin, implicit at best, could become explicit in practice.

Calvin's comments on Acts 4:33, the famous communism passage in the New Testament, demonstrates his commitment to a traditional, hierarchical conception of *status*. He expressly denies that there was any equality of economic goods. The needs of each individual were different according to his status position; no egalitarian distribution was therefore possible within the limits of Christian justice. The essence of Christian

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90. Leroy Edwin Froom, *The Prophetic Faith of Our Fathers* (1948), II, chap. 19. The antichrist, of course, is identified with the papacy, as was the case in virtually all sixteenth- and seventeenth-century Protestant exegesis.

communism, therefore, is *community*, not equality. "For no man had his own privately to himself, that he alone might enjoy the same, neglecting others; but as need required, they were ready to bestow on all men."<sup>91</sup>

Historians have not been able to escape the traditionalistic implications of Calvin's thought. On his deathbed, speaking to the Geneva assembly of pastors, he declared: "I also ask you to change nothing, to make no innovations, for novelty is often requested. It is not that I desire from personal ambition that what is mine remain and that it be kept without seeking anything better, but because all changes are dangerous."<sup>92</sup> For a man who was able to admit the prevailing inadequacy of religious life in his city, this is a telling statement. How, then, have scholars concluded that "With John Calvin we stand on the threshold of a 'transvaluation of values' "?<sup>93</sup> The most common answers deal either with his concept of the calling, which was surveyed above, or with his idea of usury. Calvin's admonitions on usury have generated as much disagreement among scholars as his teachings concerning the calling.

André Biéler writes of Calvin's position on usury that it was "an entirely revolutionary position."<sup>94</sup> Sir William Ashley set the pattern at the end of the nineteenth century by arguing that Calvin abandoned Aristotle's "sterility of money" idea, and this represented a "turning point in the history of European thought."<sup>95</sup> Nelson, cited earlier, continues in a similar vein: "Calvin on Deuteronomy became a gospel of the modern era. Everyone from the sixteenth century to the nineteenth century who advocated a more liberal usury law turned to Calvin for support."<sup>96</sup> Gide and Rist, in their textbook on the history of economic thought, declare flatly that "while the Catholic Church has always been opposed to usury, it was Calvin and Calvinists . . . who first justified the practice of taking interest."<sup>97</sup> Somehow it appears that Calvin, whose opinions on luxury, status, charity, and theft seem so traditional, made a fundamental break with the medieval universe on the issue of usury.

As in the case of Luther, Calvin rejected specific provisions of Old Testament law as no longer binding on Christians. While his language was not so strong as Luther's, his rejection of Jewish "ceremonial law" was

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91. Calvin, *Commentary Upon the Acts of the Apostles* ([1552] 1949), 192.

92. The account was given by the Rev. Jean Pinault, quoted by E. William Monter, *Calvin's Geneva* (1967), 97. Cf. the slightly different translation in Jules Bonnet, ed., *Letters of John Calvin* (1858), IV, 376.

93. Nelson, 73.

94. André Biéler, *La Pensée Economique et Sociale de Calvin* (1959), 459.

95. W. J. Ashley, *An Introduction to English Economic History* (1898), II, 459.

96. Nelson, 73.

97. Charles Gide and Charles Rist, *A History of Economic Doctrines* (1944), 534n.

complete.<sup>98</sup> How, then, did he regard the anti-usury provisions of the Old Testament?

It is abundantly clear that the ancient people were prohibited from usury, but we must needs confess that this was a part of their political constitution. Hence it follows, that usury is not now unlawful, except in so far as it contravenes equity and brotherly union.<sup>99</sup>

"Equity," or fairness, served Calvin as the key concept. The Old Testament references therefore deal with the poor: ". . . still the poor alone, who had been compelled to borrow by want, and not by luxury, were worthy of compassion." Calvin accepted as valid some of the Catholic exemptions: penalty for delay in payment, or payment from a rich man for a land investment. He expressed his position explicitly: "I reply, that the question is only as to the poor, and consequently, if we have to do with the rich, that usury is freely permitted. . . ."<sup>100</sup>

Significantly, Calvin did not use some form of *lucrum cessans* to justify the taking of interest. Only because a man had alternate investment opportunities of a legitimate nature did Catholic commentators permit an increment beyond principal. Catholics permitted the taking of interest on a loan to the poor, for this was the basis of the late medieval church's poor loans, the *montes pietatis*. Calvin reversed this judgment. Loans to the poor were those that could *not* command interest; loans to the rich were perfectly justified. A Christian is not allowed to profit from another's injury or weakness, irrespective of whether or not the loaned funds could have commanded a legitimate profit elsewhere. Calvin was willing to forego the use of the *lucrum cessans* argument because he was willing to affirm the full legitimacy of usury in trade of all kinds. Thus, the concept of equity—fairness in dealing with another—which had been used by Luther and Melancthon to restrain the free pricing of goods, was now transferred to a new field, the field of lending. The restraint Luther demanded that traders show with regard to pricing their wares, Calvin used to restrain the lender. In principle, if not in practice, Luther desired no increase from lending at all, but he acknowledged the right of conscience-restrained profits from trade. Calvin simply lifted this prohibition and substituted *conscience* in its place, thus extending the boundary of the right of personal judgment.

Calvin noted several exceptions to the right to take interest, and Biéler lists them. They include the following: no usury from another's misery; only the residual after a man's charitable obligations are fulfilled should be lent at usury; the golden rule must prevail in any conditions imposed on

98. *Inst.*, II, 7, 16.

99. Calvin, *Moses*, III, 132: Deut. 23:19.

100. *Ibid.*, 131.

the lender; the borrower must make a profit on his money (if he does not, the interest payment forfeited by the lender becomes a form of charity); all consumers in the community must be considered.<sup>101</sup> Böhm-Bawerk adds this restraint: no rate must be charged that exceeds the legal maximum set by the civil authorities.<sup>102</sup> Calvin's exceptions to the *right* of usury create an operational system that outwardly resembles the Catholic exceptions to the *prohibition* of usury. In the final analysis, he did not believe that a man should be employed strictly as a usurer.<sup>103</sup>

He was careful to add these qualifications in his correspondence, and Calvin and the ministers of Geneva fixed the morally acceptable rate of interest at five percent for the country parishes (1547).<sup>104</sup> That limit, however, was identical to the maximum recommended by Luther. Roland H. Bainton has therefore concluded: "Calvin is often portrayed as having gone beyond Luther in that he rejected also the theory of Aristotle, but the difference in practice from Luther or even Aquinas was negligible."<sup>105</sup> Tawney admits that several of Calvin's teachings concerning usury had been foreshadowed by certain scholastics and the German Reformers. Nevertheless, he concludes:

The picture of Calvin, the organizer and disciplinarian, as the parent of laxity in social ethics, is a legend. . . . Legends are apt, however, to be as right in substance as they are wrong in detail, and both its critics and its defenders were correct in regarding Calvin's treatment of capital as a watershed. What he did was to change the plane on which the discussion was conducted, by treating the ethics of money-lending, not as a matter to be decided by an appeal to a special body of doctrine on the subject of usury, but as a particular case of the general problem of social relations of a Christian community, which must be solved in the light of existing circumstances. The significant feature in his discussion of the subject is that he assumes credit to be a normal and inevitable incident in the life of a society.<sup>106</sup>

In other words, by removing the appeal either to Old Testament law or the Church Fathers, Calvin "throws on the conscience of the individual

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101. Biéler, 459.

102. Eugen von Böhm-Bawerk, *History and Critique of Interest Theories* ([1921] 1959), 19.

103. Biéler, 459; Tawney, *Religion*, 94.

104. Nelson, 79n.; cf. summary of Calvin's correspondence, Nelson, 80n., 81n. Calvin, "The Ordinances for the Supervision of Churches in the Country" (1547), *Calvin: Theological Treatises* (1954), 81 (dealing with the five-percent maximum interest rate).

105. Roland H. Bainton, *The Reformation of the Sixteenth Century* (1952), 249. Albert Hyma lists a total of ten economic issues on which Luther and Calvin were in agreement: *Renaissance to Reformation* (1951), 455.

106. Tawney, *Religion*, 95.

the obligation of seeing that it does not exceed the amount dictated by natural justice and the golden rule."<sup>107</sup>

If Calvin's discussion of usury is a watershed, this *appeal to conscience* must be the crucial factor, since the details of his economic argumentation are anything but revolutionary. Calvin separated the law of justice from formalistic glosses on ancient texts. Yet it is apparent that Luther did the same thing. He, too, equated equity and substantive fairness; he was equally opposed to the formal justice conveyed by a close adherence to the "letter of the law" rather than its content.<sup>108</sup> This fact raises an interesting question. Weber states again and again that theocratic law is substantive law, that is, concerned with ethical justice, whereas bourgeois law is generally formally rational, that is, concerned primarily with procedure and, above all, with predictability. "Although the patriarchal system of justice can well be rational in the sense of adherence to fixed principles," Weber says, "it is not so in the sense of a logical rationality of its modes of thought but rather in the sense of the pursuit of substantive principles of social justice of political, welfare-utilitarian, or ethical content,"<sup>109</sup> Patriarchal, patrimonial, or theocratic justice Weber uses interchangeably in reference to a commitment to substantive justice. This kind of law is traditional, opposed to the needs of bourgeois entrepreneurs who desire a formal—rigorously formal—system of law, especially economic law. Theocracy, however, is antiformal by its very nature.<sup>110</sup> To the extent that "conscience" rules economic affairs—a conscience that decides in terms of circumstances rather than fixed judicial rules—legal (and therefore economic) predictability is sacrificed. Both Luther and Calvin constructed systems relying upon substantive civil law, and this traditional bias, as it appeared in the mid-sixteenth century, is far more easily linked with the medieval world than the modern. It might even be possible to argue that the late medieval casuists constructed a more formally rational system than either Luther or Calvin, for it was the scholastic element of rigid formalism that repelled Luther so thoroughly, and Calvin almost as much.

Thus, what was needed for market capitalism to flourish was a *formally rational system of law*, but one that would favor the *free contract of voluntary agents*. The medieval casuistry, while formal, was hostile to any universal free contractualization; the needs of Christian society came before the right of men to contract voluntarily. Calvin and Luther were

107. *Ibid.* Cf. Tawney, "Introduction," Wilson, *Usury*, 118.

108. Cf. William A. Mueller, *Church and State in Luther and Calvin* (1954), 47-51.

109. Weber, *On Law in Economy and Society* (1954), 264. [*Economy and Society* (1968), 844. Hereafter cited as *E&S*.]

110. *Ibid.*, 266. (*E&S*, 846.)

united in abandoning the traditional casuistry. Luther returned to an earlier rigor of interpreting the economic affairs of men, one less characterized by innumerable exceptions to ethically motivated restrictions of the market. Calvin, on the other hand, favored the general principle of the *covenant*; covenanting men should be limited by consciences unrestricted by multitudinous legal pronouncements. The *conscience* of man, while not completely autonomous and sovereign, was given a new role to play in the administration of property. Freed from the inherited formalism, conscience had more responsibility and fewer guidelines to direct human action. A new formalism could be reconstructed, a Protestant casuistry modeled along the lines of medieval casuistry. But this would impose new restrictions on the conscience, a distinctly unprotestant development, given the Protestant concept of the priesthood of all believers. A tension therefore was present in original Calvinism: the ethically responsible conscience, supposedly free from the burden of the old formalism, still required general guidelines. The nature of the guidelines would be crucial to the kind of community that might result.

Tawney is quite correct when he says that Calvin had little respect for businessmen in general. His references to businessmen as "those robbers" who hope for a catastrophe in order to raise the prices of their goods indicate the extent of his hostility to common business practices.<sup>111</sup>

When, therefore, every one is bent on his own private advantage, he ill bears anything to be taken from him. It is indeed a rare thing in this world, that they who carry on business with one another are really friends, and that they wholly approve of each other's conduct; for, as I have already said, covetousness so prevails, that justice and equity disappear amongst most men.<sup>112</sup>

Such free contracting in the marketplace, given the covetousness of men, was not Calvin's goal. But the conscience is fully responsible before God in a world without sacerdotal mediation, and it needs rules to guide it. Where are they to be found? If covetous men are to be restrained, justice must find expression in external laws that are in conformity with the needs of the Christian's conscience.

A fundamental antinomy is present in Calvin's view of external law. Like Luther and the scholastic expositors, he equated the moral law of the Ten Commandments with natural law. Mosaic law he divided into three parts: moral, judicial, and ceremonial. Only the first is universally binding on all men, for only it is a "true and eternal rule of righteousness pre-

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111. Calvin, *Commentaries on the Twelve Minor Prophets* (1950), II, 365-66: Amos 8:5. This was published posthumously in 1567.

112. Calvin, *Commentaries on the Prophet Jeremiah and Lamentations* (1950), II, 270: Jer. 15:10. This was published posthumously in 1570.

scribed to the men of all nations and of all times. . . ."<sup>113</sup> The moral law involves the true worship of God. The civil government is responsible for the enforcement of the universal moral law—the natural law—and therefore the state should enforce what is generally known as the first table of the Decalogue. It must "defend sound doctrine and the condition of the Church. . . ."<sup>114</sup> No public blasphemy is to be tolerated.<sup>115</sup> At the same time, the Mosaic law is not to be enforced in its entirety:

For there are some who deny that any commonwealth is rightly framed which neglects the laws of Moses, and is ruled by the common law of nations. How perilous and seditious these views are, let others see: for me it is enough to demonstrate that they are stupid and false.<sup>116</sup>

The external forms were transitory; only "the duties and precepts of charity can still remain perpetual." What general principle enables the ruler to distinguish the transitory from the perpetual? There is no standard; *circumstances and equity*, both in perpetual flux, are to rule:

Equity, as it is natural, cannot be the same in all, and therefore ought to be proposed by all laws, according to the nature of the thing enacted. As constitutions have some circumstances on which they partly depend, there is nothing to prevent their diversity, provided they all alike aim at equity as their end. Now, as it is evident that the law of God which we call moral, is nothing else than the testimony of the natural law, and of that conscience which God has engraven on the minds of men, the whole of this equity of which we now speak is prescribed by it.<sup>117</sup>

Calvin laid the foundation for seventeenth-century Protestant scholasticism by his commitment to natural law. At the same time, he called the foundation into question:

Therefore, since reason, by which man understands and judges, is a natural gift, it could not be entirely destroyed; but by being partly weakened and partly corrupted, a shapeless ruin is all that remains. . . . in the perverted and degenerate nature of man there are still some sparks which show that he is a rational animal, and differs from the brutes, inasmuch as he is endued with intelligence, and yet, that this light is so smothered by clouds of darkness, that it cannot shine forth to any good effect.<sup>118</sup>

He had already argued that the power of human reason with respect to the kingdom of God consists of three things: the knowledge of God, the knowledge of His paternal favor, and the method of regulating our conduct. With regard to the first two, unregenerate men "are blinder than moles."<sup>119</sup> He cited Romans 2:14, 15 to justify his claim that in the area of conduct, men have some knowledge, but, he hastened to add, only

113. *Inst.*, IV, 20, 15.

114. *Inst.*, IV, 20, 2.

115. *Inst.*, IV, 20, 3.

116. *Inst.*, IV, 20, 13.

117. *Inst.*, IV, 20, 16.

118. *Inst.*, II, 2, 12.

119. *Inst.*, II, 2, 18.

in the realm of "the general definition"; he stated specifically that "man, when he comes to the particular, forgets the rule which he had laid down in the general case."<sup>120</sup> In dealing with a "universal judgment in man distinguishing between good and evil," he declared, "It certainly attains not to the principal heads in the First Table. . . ."<sup>121</sup> Only in the second table does man have "considerably more knowledge" of God's law.

Calvin's exposition of law and reason is internally self-contradictory. It both affirms and denies the ability of rulers to enforce the first table of the law. They cannot enforce the first table, unless the assumption is made that all rulers are godly and regenerate, an assumption which Calvin specifically denied.<sup>122</sup> They can control conduct on the basis of universal natural reason. The definition concerning those aspects of biblical law that are still in operation rests, therefore, with *the ruler's secular concept of natural law*, for it is only the moral law of the Decalogue that binds all men, and this law is supposedly identical with secular natural law. All Christians are called to obedience to their rulers; yet lower magistrates are required to lead a revolt against "the tyranny of kings" whenever kings demand that men disobey God's precepts.<sup>123</sup> Thus, neither the civil government nor the private Christian can be generally certain of God's will. Under such conditions, the rights of property are undefined and obviously unprotected legally.

How could Calvin restrict the confiscatory actions of the state that might interfere with the responsible exercise of private Christian stewardship? He did so by appealing to one of the most obscure of Hebrew laws—a law which only early Puritan New England ever regarded as binding: the draft law of Deuteronomy 20:5-8. No Hebrew newlywed male was to be taken for military service until a year had elapsed after his wedding.

For by this indulgence God shows how just it is, that every one should enjoy peaceably what he possesses; because, if it be hard that men on account of war should be deprived of the use of their new house, or the product of the vineyard, how much more harsh and intolerable it will be to deprive men of their fortunes, or to drive them from the lands which they justly call their own!<sup>124</sup>

In other words, "when every man's right is asserted to enjoy what he

120. *Inst.*, II, 2, 23.

121. *Inst.*, II, 2, 24. Lang takes seriously these statements by Calvin with respect to the insufficiency of the concept of natural law: "But in distinction from Melancthon, Luther attributed to it only a subordinate importance, Calvin almost no importance at all." Lang, "Reformation and Natural Law," 194.

122. *Inst.*, IV, 20, 24.

123. *Inst.*, IV, 20, 31.

124. Calvin, *Moses*, III, 175. Betrothed and newly married men could not be conscripted in early New England: John Cotton, *An Abstract of the Laws of New England* (1641), chap. X, sect. 5.



possesses, it extends so far as that a man who has built a house should not be dragged unwillingly to war, until by dwelling in it he shall have received some advantage from the expenses incurred." While this may be a good Christian principle, it is not clear why Calvin believed that universal natural reason teaches it, or how the general principle will ever be applied by men who are not restrained by the particular provisions of the Hebrew law in question. By his own admission, Calvin agreed that in the area of the particulars—the case-law aspect of jurisprudence—the unregenerate can never achieve righteous rule.

The issue of *property rights* is bound up with the question of law. Calvin's traditional defense of the rights of property did not launch a new conception of civil law. In practice, his policies are identical with Luther's and the medieval world's in so far as business ethics are concerned. In principle, he did make one significant change: usury was now approved unless circumstances showed that equity was not being respected. Exceptions led to state controls and ecclesiastical judgments, but they were nevertheless exceptions to a general rule of permission. To the extent that any state would acknowledge Calvin's general rule, the burden of proof regarding a violation of justice in a usury case might be said to rest with the state; the defendant is innocent until proven guilty. No *a priori* reason can be found, however, that would make necessary any fundamental development towards free market lending practices. As Calvin might have said, circumstances had to determine that kind of change.

### *Eschatology and Law*

The similarities, both in theory and in practice, between Luther's view of the *function of property* and Calvin's seem to overshadow any specific differences. Both men denied the right of an entrepreneur to buy as low and sell as high as the market would permit, irrespective of the needs of the community at large and the condition of individual consumers. Equity, charity, and honesty are to govern the setting of prices. It is preferable to have the state set most prices, either directly or by delegating the function to boards of responsible local experts within each community. The continuity of this policy recommendation from 1100 to 1550 is striking. The theory of *Christian stewardship* is equally static: God grants to men their economic goods and the resources to create them, and each man will give an account to God on Judgment Day for his handling of the gifts. *Status* determines responsibilities and privileges; upward social mobility is held in suspicion, and men are never supposed to lust after higher positions. Men are to be content in their callings. The medievalism is obvious. The needs of the whole community—a functionally

stratified community—precede the rights of private property. Society is personal, local, and controlled by a multitude of competing sovereignties: church, state, family, and finally, the human conscience.

Luther's religious individualism does represent a serious breach in the medieval scheme of things. Conscience no longer can rely on an infallible pontiff, nor is it buffered by the institution of the confessional. No concrete casuistry gives absolute confidence to acting men. An external civil government is required to bring order to an unregenerate, rebellious world; it is not needed by true Christians who are in conformity with God's kingdom, nor can they rule the external civil order by means of the Christian gospel. Luther's radical dualism furthered the destruction of the nature-grace synthesis of the medieval world by denying the external impact of the saving grace of God on the affairs of the civil government.<sup>125</sup> In this sense, Luther was more radical than either the medieval Catholics or Calvin. He granted far more authority to the sphere of external civil government, and far more to the powers of sanctification in the individual Christian, than Calvinists were ever willing to acknowledge.

Calvin, by proclaiming the right of Christians to rule in the civil sphere, was more traditional in perspective. He saw that Christians need restraining as much as anyone, for the traces of the "old Adam" are with all regenerate men until death. The civil government is a part of God's kingdom, and it has a function to play. Civil government both mirrors our perversity and is a sign of God's grace to us. William Mueller summarizes Calvin's position:

In other words, besides the ultimate purpose of all civil authority to serve the interests of God's kingdom, it serves the very practical purpose of the preservation of the human race and the making possible of an ordered social life. While Martin Luther emphasized more the negative role of the state as a curb on evil and its care for the bodily welfare of its subjects, Calvin, on the contrary, considers the state in terms of a *Kulturstaat*, that is, a civilizing agency, whose duty it is, under God, to assure the harmonious life of individuals and society.<sup>126</sup>

But Calvin's civil law structure was not concretely, operationally biblical, except in name. Its requirement to enforce proper worship related only to the content of spiritual preaching and certain outward ecclesiasti-

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125. On the medieval nature-grace synthesis, see E. L. Hebdon Taylor, *The Christian Philosophy of Law, Politics and the State* (1966), chap. 4. Gordon Leff surveys the internal breakdown of the synthesis in his study, *Bradwardine and the Pelagians* (1957).

126. Mueller, 142.

cal forms; what the civil government needed was a set of standards for the directing of social life. On that point, Calvin was vague.

Calvin's reliance upon the concept of *natural law* brought his position perilously close to Luther's dualism, almost as Luther's rather late advocacy of the prince's interference in ecclesiastical affairs brought him close to Calvin's theocratic state.<sup>127</sup> In principle, Calvin tied the force of civil government to the authorities' definition of natural law. The Christian entrepreneur, on the other hand, must guide his affairs in terms of his conscience, and conscience, apart from concrete, explicit rules, offers little in the way of market predictability. The state's officials, the businessman, and the consumer are left without formal principles of justice. Thus, a kind of *external pragmatism* was a likely concomitant of Calvin's social ethics, for the link between the affairs of government and business was left to circumstances. Civil and business affairs are not to be guided by Old Testament law in specific cases, in spite of the fact that Calvin himself continually cited rather obscure Old Testament provisions to support his positions. The danger of pragmatism should have been obvious to Calvin, for he himself was only too aware of the fact that general principles of conscience tend to be abandoned whenever they are applied to specific cases. Circumstances take a continual toll of general principles. Without any explicit case-law system, the affairs of men are left to drift into the path either of an impersonal competitive market or an expansionist civil government, with little except each other to restrain them. The churches, in any case, would be able to do little to inform either sphere—church or business—of its moral responsibilities.

Eschatologically, both Luther and Calvin shared the basic perspective of the Augustinian heritage: the world will not experience a literal triumph of the gospel on earth and in time. Earthly pessimism was characteristic of sixteenth-century Protestant eschatology. Luther's untempered pessimism was more thoroughgoing and consistent than Calvin's. He left only suffering as a realistic prospect for Christians in a world filled with rapacious men. This viewpoint, coupled with his radical internal-external dualism between gospel and secular law, created in Lutheranism a potential pietism that carried into the Lutheran scholasticism of the seventeenth century.<sup>128</sup> A "permanent remnant psychology,"

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127. On Luther's shift in perspective after the Anabaptist upheavals of 1525, see Mueller, 62.

128. James P. Martin, *The Last Judgment* (1963), chap. 2; Heinrich Quistorp, *Calvin's Doctrine of the Last Things* (1955), 11, 193-94. To the extent that later Calvinists shared this outlook, they also were drawn into Protestant scholasticism, as Martin's study demonstrates.

as Rushdoony has called it, was the product of such pietism—a retreatist, otherworldly, and sometimes mystical faith, geared to withdrawal rather than cultural renewal. It is this aspect of Lutheran thought that receives the attention of Weber and Troeltsch.

Calvin's spirit was only by degree distinguishable from Luther's. Calvin was ambivalent, simultaneously activist and passive. He was able to speak of continual Christian spiritual warfare, yet within the social framework of hierarchy and obedience to rulers. This warfare was simultaneously seen as externally fruitless and ultimately regenerative culturally, bearing the promise of world conquest. The kingdom of God, he insisted, consists "in joy and peace."

Hence these things are connected together, salvation and peace, not that we enjoy this joyful and peaceful state in this world; for they greatly deceive themselves who dream of such a quiet state here, as we have to engage in a perpetual warfare, until God at length gathers us to the fruition of blessed rest. We must, therefore, contend and fight in this world. Thus the faithful shall ever be exposed to many troubles; and hence Christ reminds his disciples, 'In me ye have peace; but in the world'—what? Sorrows and troubles.<sup>129</sup>

What, then, is the result of such spiritual warfare? On the one hand, it should produce the expansion of the church, the strengthening of its members, and the experience of daily progress, both individually and collectively:

God, therefore, sets up his kingdom, by humbling the whole world, though in different ways, taming the wantonness of some, and breaking the ungovernable pride of others. We should desire this to be done every day, in order that God may gather churches to himself from all quarters of the world, may extend and increase their numbers, enrich them with gifts, establish due order among them; on the other hand, beat down all enemies of pure doctrine and religion, dissipate their counsels, defeat their attempts. Hence it appears that there is good ground for the precept which enjoins daily progress, for human affairs are never so prosperous as when the impurities of vice are purged away, and integrity flourishes in full vigor.<sup>130</sup>

Let it be regarded as the goal towards which we run. . . . No one will travel so badly as not daily to make some degree of progress. This, therefore, let us never cease to do, that we may daily advance in the way of the Lord; and let us not despair because of the slender measure of our success.<sup>131</sup>

T. F. Torrance has carefully scanned this emphasis in Calvin on organic

129. Calvin, *Jeremiah and Lamentations*, IV, 255: Jer. 33:16.

130. *Inst.*, III, 20, 42.

131. *Inst.*, III, 6, 5.

and spiritual growth, contrasting this outlook with Luther's, and pointing to the ambivalent nature of Calvin's writings on the issue.<sup>132</sup> Victory is only at the final Day of Judgment.<sup>133</sup> The other side of Calvin cannot be avoided: Christians are, at best, only one out of a hundred;<sup>134</sup> the Lord will return to a religiously indifferent world.<sup>135</sup> The earthly hope of the Christian is simply to find you in close personal relationships with other Christians, since God's full kingdom will not be established on earth.<sup>136</sup> External triumph is unlikely: "Therefore, on seeing how the church of God is trampled upon in the present day by proud worldlings, how one barks and another bites, how she is assailed incessantly by mad dogs and savage beasts, let it remind us that the same thing was done in olden time."<sup>137</sup>

There is a fundamental tension in Calvin's perspective. David Little has caught the nature of it very well; it hinges on Calvin's view of redemption. "The purpose of redemption is the same as creation: the bringing into proper order of all things."<sup>138</sup> In other words, Little writes, "the creation of a new order that stands in tension with the way things are is basic to Calvin's theory of predestination."<sup>139</sup> Calvin summarized his own view of the transition: "In short, as Christ, by the manifold variety of his gifts, begins the glory of his body in this world, and gradually increases it, so he will complete it in heaven."<sup>140</sup> Yet somehow this gradual process is not accompanied by social peace for Christians, in spite of the fact that this should be the goal of every Christian. Desire and expectation are balanced by pessimism.

What is missing in Calvin is a link between an internal, spiritualized eschatological optimism and the external world. Without such a link, the tension cannot be resolved. Calvin's language rests in the analogy

132. Torrance, chap. 4, esp. 95, 105, 115-16, 142-43, 146ff., 152ff., 160ff.

133. *Inst.*, III, 20, 42: III, 25, 10.

134. Calvin, *Minor Prophets*, 261: Micah 4:3.

135. Calvin, *Harmony*, III, 156: Matt. 24:37.

136. Calvin, *Commentaries on the Prophet Isaiah* ([1551] 1958), I, 102: Isa. 2:4.

137. Quoted by Mueller, 79.

138. David Little, *Religion, Order, and Law* (1969), 48.

139. *Ibid.*, 49n.; cf. 54. Torrance also points out this tension in Calvin between present and future: 110. Quistorp writes: "Here and in other places there is discovered in his teaching a certain tension between his loyalty to the Biblical message of the return of Christ and of the kingdom of God as a visible all-embracing reality, and on the other hand his humanistic tendency to confine and spiritualize the hope in the direction of the salvation of the individual. The Biblical contrast of the present and the future aeon is to this extent even in Calvin identified with the metaphysical antithesis between the temporal and the eternal, the earthly and the heavenly, the bodily and the spiritual." Quistorp, 192-93.

140. *Inst.*, III, 25, 10.

of organic growth, but the relation between the internal growth and external cultural transformation is blurred, even self-contradictory. James P. Martin's study of seventeenth-century Protestant eschatology demonstrates how the internalized, spiritualized kingdom idea of both Luther and Calvin undermined the New Testament vision of historical continuity. Eschatology, he argues, was never integrated into the overall sweep of Protestant theology. Thus, writes Martin:

The spiritualized eschatology, along with the neglect of the gospels as a source of theology, tended to obscure the historical and cosmic dimensions of New Testament eschatology. The Kingdom of God was not interpreted in accordance with the parables of growth as a heavenly reality which has entered into this world in Christ and which "grows" to its consummation in the Parousia, Resurrection and Last Judgment (the harvest). The limiting of the Kingship of the risen Christ to a spiritual rule in the souls of believers did not do justice to the Christological nature of the Kingdom of God which has entered history, according to which the kingly power of Christ transforms the world. The total repudiation of the millennial idea likewise furthered the separation of the hope of the consummation from the process of history and placed the Last Judgment completely beyond history.<sup>141</sup>

### *Conclusion*

Calvin's doctrine of the covenants—between God and man, among men in society, among men in the church—offered a potential justification for free contractual relations in the market place. Calvin did not favor such fully autonomous freedom; his view of charity negated it. But the covenant principle offered later Calvinists the opportunity of transforming the market into a wholly new institution. With the injection of the principle of the free, voluntary covenant into the economic sphere, the rights of private property could be vastly expanded. The secularization process of natural law, already basic to Calvin's view of civil government, created the possibility for economic transformation: the theory of the secular civil compact or the economic contract was not far removed.

The fusion of the idea of the covenant and a concept of external eschatological progress could produce a new social theory. Two things are missing in the thought of Luther and Calvin with respect to the idea of *social change*. One is an inner dynamic, clearly stated, that establishes the possibility of social progress. In other words, there is no uncompromised eschatological optimism with regard to external affairs. Second, there is no means in either Lutheranism or early Calvinism for

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141. Martin, 26. Cf. Quistorp, 12-13.

linking internal moral progress with changes in the social and economic spheres. There is no commitment to a thoroughly Christian law structure. As a result, there is no interrelationship between the subduing of the "old Adam" in the individual Christian and the establishment of an external, authoritative moral kingdom of God on earth.

Using the Weberian idea of the "pure type," the following hypotheses can serve to examine the development of later Calvinistic institutional arrangements. First, if a positive eschatology is not present, the dynamic of cultural transformation is either secularized or totally abandoned. Second, without the idea of concrete biblical law or Christian law—a distinctive law structure applicable in principle to both the Christian community and the world of the ungodly—the tool of reform is gone. If both a positive eschatology and the distinctive law structure are missing, some form of pietism is the likely result; neither the dynamic of change nor the tool of transformation is present. The focus of concern becomes the inner man's relationship with God. If a view of specially revealed law is present, but without an optimistic eschatology, the community of the godly is more likely to retreat from social affairs, striving for communal rigor but without hoping to restore the society at large. Retain the optimism, but remove the concept of distinctive law, and one creates a community of saints waiting for a discontinuous event to transform the world, some miracle of God which brings in a new era. The organic concept of history is thereby destroyed; there is nothing besides the preaching of exclusively spiritual sermons that can transform society. In either case, a Calvinism devoid of one or both factors will be at the mercy of the external culture, for it and not the godly community will establish the cultural standards.

Neither *predestination* nor the *calling*, if separated from eschatology and law, is sufficient to serve as a point of departure in distinguishing Luther and Calvin. The two men agreed on these issues.<sup>142</sup> Even in the areas of eschatology and law the two were similar, although Luther's eschatological pessimism and his dualism were more explicit than Calvin's. It is not easy to discover important distinctions between their respective views of society and economics, so much in agreement were they on the essential validity of the inherited traditional scheme.

The major development came with the Puritans. The postmillennial emphasis of so many of the English and colonial Puritan thinkers of the next century made explicit the optimistic aspects of Calvin's thought. Their emphasis on biblical law as a tool of social reconstruction gave

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142. On Luther's defense of predestination, see his *Bondage of the Will* ([1525] 1957), his famous attack on Erasmus' humanism.

them even greater hope in the possibilities of spiritual and therefore economic growth. They saw the fulfillment of God's promises in Deuteronomy 8 as literal: covenantal faithfulness in a community brings external blessings and progress. The Puritan hope, to use the title of Iain Murray's excellent book, transformed the English-speaking world. The Puritans, above all, were the inheritors and developers of what Weber calls the Protestant ethic. By the end of the seventeenth century, theirs was indeed the spirit of capitalism.<sup>143</sup>

It should be obvious that there is no simplistic answer to the question: What made Protestantism a major force for social transformation in European history? There is the implied *methodological individualism* of the doctrines of salvation by faith and the priesthood of all believers. The doctrine of the *calling*—the legitimacy and God-blessed nature of all lawful occupations—was also important. It led to an emphasis, especially in Calvinism, on economic *saving*, which in turn led (as it had in early medieval monastic communities) to economic growth and innovation. There is no doubt that the Roman Catholic emphasis on meditation and contemplation as being the highest form of Christian activity—a point made explicit in Josef Pieper's important pro-Catholic study, *Leisure: The Basis of Culture* (1952)—led to a reduced concern in Catholic countries for full-time human labor. Furthermore, the Protestant hostility to religious holidays and festivals, which in some Catholic nations absorbed well over a hundred days per year (plus Sundays), obviously was a major factor of social and economic change.<sup>144</sup> This economic transformation, as Tawney argues in *Religion and the Rise of Capitalism*, acted as a force which led to drastic modification of the early Reformation's social medievalism. The idea of the *covenant*, in Calvin's writings, later became the idea of voluntary contract. The doctrine of *natural law*, which was radically dualistic in Luther's writings, led to a new-found legitimacy for the secular authorities to follow the lead of profit-seeking business leaders, lawyers, and other bourgeois elements in the community. The late medieval Catholics were very often more liberal economically than the early Reformers, but they were still late medieval Catholics, under the authority of the Roman pontiff. By breaking the sway of papal rule, the Reformation encouraged European decentralization, and capital could flow into the most liberal (freest) nations, most notably the Netherlands. Luther and Calvin were conservative in their explicit economic views, but the implicit individualism of their theology won out in the end.

143. Cf. Gary North, *Puritan Economic Experiments* (Box 5025, North Long Beach, Calif.: Remnant Press, 1974); reprinted from *The Freeman* (April-June, 1974).

144. Christopher Hill, *Society and Puritanism in Pre-Revolutionary England* (1964), chap. 5.



# THE REFORMATION AND THE TRANSFORMATION OF WESTERN CULTURE: A BRIEF INTRODUCTION

DONNIS WALTERS

Just before the Protestant Reformation of the sixteenth century, social conditions similar to those of our own times prevailed. Political, educational, economic, and ecclesiastical institutions were in a state of confusion, tension, and decay. Various efforts were made by political rulers and church authorities to make the "medieval system" work. Such efforts were unsuccessful and often only contributed to the growing unrest, confusion, and corruption in society.

The classical humanists sought the renovation of society in the realm of arts and letters. They rendered valuable service in that they made learning respectable in kings' palaces. However, these men lacked the power and originality to meet the problems of the day. They were also past-oriented. They dreamed of the so called "golden ages" of Greece and Rome. Quite often today's textbooks present (to the gullible student) these Renaissance scholars as the originators of modern science. Nothing could be further from the truth. All of them could tell you what Plato and Aristotle said about the anatomy of the calf. But it never seemed to occur to these boys to cut the calf open and see how the critter was actually made! They lacked the doctrine of creation and the impetus to science which the basic doctrine provides. It is not my intention to depreciate the ability of these men. All I am saying is that their systems of thought lacked the inner dynamic to solve the immense problems which arose in late-medieval society.

Another segment of late-medieval society we might call the Libertines or Revolutionaries. They saw nothing worth preserving in medieval society. They feared neither man nor God and saw themselves as the final point of reference. Tear down! "Destroy!" was their cry. They really had no clear idea of how to rebuild the ruins which resulted from their destructive policies. Indeed, when they did gain control of a situation, they only made matters worse by misrule and cruelty, a fact documented superbly by Norman Cohn's *Pursuit of the Millennium*.

In the early sixteenth century, simultaneous with the afore-mentioned movements, another movement was quietly gathering force. This movement was what we have come to call the Protestant Reformation. In our ignorant age, people commonly believe the Reformation to be a product of the powerful personalities of Luther, Calvin, and Zwingli. These men did not originate the Reformation! They only emerged as leaders as the Reformation progressed. To get an accurate picture of the origins of Reformation, let us imagine ourselves perched above Western Europe with X-ray vision into any place we desire. As we look into the monasteries, universities, and various schools, we see men sitting quietly reading the Bible. The medieval church had never in theory renounced the supreme authority of the Scripture, but in practice it had covered it over with all sorts of tradition. But now in troubled times, and with the tremendous tool of the printing press, men were rediscovering the powerful and all-embracing message of the Bible. The Reformers saw that the solution to man's problems rests not in scholarship, or rebellion, or in preserving the "medieval system" or any other status quo. They saw in the Bible man created in the image of God. Man, the image-bearer of God, was created good; but he rebelled against his Creator. The fall of man is radical. Man is not just crippled because of sin. He is totally depraved in intellect, emotions, and ability to do anything pleasing in God's sight. All deformations and corruptions in society come as a result of man's radical depravity.

Luther's experience was similar to that of so many others. When he began to teach and write his doctrine he brought into focus basic issues which many of like heart and mind were struggling to understand and solve. As Luther examined himself in the light of the Bible's teaching, he saw that nothing he could do would remove from him the wrath and punishment of God. He gradually came under the conviction that if there was to be any hope for men, it must come from without. He rediscovered that it was God who sovereignly gives salvation through the once-for-all sacrifice of His Son on the cross. This great salvation, which God alone can give, both justifies and sanctifies men. In justification the Christian's legal status before God is changed. His guilt is removed by the substitutionary atonement of Christ the Mediator. In sanctification he is renewed inwardly and is enabled to seek after and do the will of God. How do these benefits come to be the possession of a man? They are not received through the sacramental systems of the medieval church but by personal trust (faith) in Christ the Mediator. The Reformers saw that the medieval church had interposed the sacramental system between men and Christ the Redeemer. Men are liberated from sin and all the hideous consequences of sin not by obedience to the Roman hierarchy

and diligent use of the sacraments but by faith (abiding trust) in Christ and His complete atoning work.

Luther and the other Reformers were not content to rest in the peace they had found with God. Once they had answered the question of how one becomes right with God, they immediately pressed on to see what they could do in gratitude to God for their salvation. The Heidelberg Catechism breathes the whole spirit of the Reformation in its tripartite division. The first part deals with man's condition in his fallen state (guilt). The second part deals with how man is put right with God again (redemption). The last section is an exposition of the Ten Commandments and other parts of Scripture explaining how to live a holy life in thankfulness for God's redeeming work. Under John Calvin, this complex of guilt-redemption-gratitude received the greatest elaboration. Wherever Calvin's influence went in Europe and in the New World we find men taking seriously their responsibility in society. It was the firm conviction of those early "Calvinists" (and this modern Calvinist) that just as only in the Bible do we find how man is put right with God, similarly only in the Bible do we find how to live a life of gratitude to irradicate sin and the effects of sin in the social order. We find men eagerly studying the Bible to apply its principles to all of life. We find men who at first did not seek to reform culture but sought a right relationship with God. But an amazing thing began to happen. As the great theological themes of the Reformation were preached and taught we find in their wake a great flowering of the arts and sciences.

The flowering of the arts and sciences in the path of the Reformation is a huge subject about which volumes have been written. Let me give a couple of examples here. Consider the great works of J. S. Bach and George R. Handel. These composers are self-consciously influenced by Reformation doctrines. Their work would have been impossible without Luther and Calvin.

If we turn to examine the realm of natural science we see especially the imprint of Calvin. Renewed interest in natural science is an integral part of the Calvinistic world and life view. This renewed interest in the natural sciences was to explode into the great discoveries of William Harvey, Sir Isaac Newton, to name only two in the centuries following the Reformation. Calvin and Luther broke with the classical humanists here. They ended slavish dependence on Aristotle and company. Instead, they took their starting point for science in the Bible, especially in the early chapters of Genesis. Man is created having dominion over the creation. He is to develop that creation, care for it, and search out its meaning as God's representative on earth. This *cultural mandate* was to have far reaching effects for the Reformers and their children. The

*cultural mandate* opened up vast areas in every sphere of life for study, development, and consecration to the service of God. All such study and development requires labor.

Let us now zero in on some specific aspects of labor in the Protestant Reformers' thought. How did they bring their understanding of the Bible to bear on the labor enterprise. I will take Calvin's view as representative because he is better known than most others and he expressly states his views in his writings.

First of all, Calvin broke with the medieval secular-sacred distinction in vocation. Not only the churchmen, but everyone who labored in a legitimate vocation had a sacred calling before God. Each individual is seen as the recipient of gifts given him by God and is responsible for their development. Furthermore, work is seen as an act of worship towards God. In response to salvation the redeemed man seeks in gratitude to offer the work of his hands to God as an act of worship. Work then has eternal significance. What is done to God's glory will endure in heaven. The new heavens and the new earth will be filled with the labors of men in this present age with all its strife and imperfections. Perhaps it is necessary to offset this Protestant doctrine of labor very sharply from any idealistic view of work. Men like Calvin knew that they were redeemed in Christ and that redemption extended also to their labor. But they also understood that unto death sin and its effects cling to the man who is renewed in Christ. (See Paul's Letter to Romans, chapter 7.) For this very reason, we see them trying to apply the searchlight of the entire Scriptures to the science-labor enterprise. Tear out that which is false, replace it with that which is true and God honoring!

Calvin and his colleagues were especially careful to differentiate their stance from that of the Revolutionaries. They retained much in the medieval view of labor that was good. In particular they sought to retain the personal bond between employer and employee. But they sought to enrich that bond and expand it in a distinctive Christian way. In such an attitude we see a very prominent expression of the doctrine of a continuing reformation. Calvin and Luther were very impatient not only with revolutionaries but with those "conservatives" who thought they had "arrived" as far as Christian doctrine and life were concerned.

As we noted earlier, the results of these views, which we have so briefly outlined above, resulted in a real flowering of the arts and sciences. The French and Dutch Protestants, in spite of extreme circumstances and obstacles, were the dominant force on the Continent in the expansion of the frontiers of industry and science. The English Puritans and Presbyterians who founded America were easily the most industrious, learned, and energetic men of their age. The great scientists and inventors of

the 1700's were almost all men of deepest Protestant conviction. This was no coincidence. Their scientific work was a direct outcome of their deepest religious convictions. (On this subject see R. Hooykaas, *Religion and the Rise of Modern Science*, Wm. B. Eerdmans Pub. Co.; Grand Rapids, Michigan.)

Modern labor and science have become wrenched from their Christian foundations. The results have been a distortion and degradation of labor. I am not entering into any depth to show how this degradation has come about. However, a few comments of a general nature are in order. Much of the blame for the degradation of labor must be laid squarely at the feet of the Protestant churches. Doctrinal indifference and compromise over the last two hundred years has greatly weakened Christian influence in labor. The sad spectacle has been that not only those outside the church but many professing Christians sought to live on the blessings of the Reformation without the foundation upon which those blessings rest. These nominal Protestants failed to see that meaningful work has its beginning, not in some abstract philosophy of work or even in work itself, but in a right relationship to God who ordains and alone gives dignity to labor.

Another factor leading to the deformation of society since the Reformation has been in the combination of the older humanism with the revolutionary spirit. Perhaps the greatest catalyst of this humanistic-revolutionary synthesis was the French Revolution. Since the time of the French Revolution we may easily discern the shape and content of modern humanism. This modern humanism, whether in the scientific, philosophical, or theological realm, sees man as the final point of reference. This man-centered world and life view flooded into the moral and intellectual vacuum left by the anemic Protestant churches. Thus we have a rather rapid development of modern humanism, which has come to dominate labor, art, and science. Modern humanists seek an interpretation of life entirely apart from the God of Scripture. Modern humanistic man is perfectly willing to accept all the fruits of the scientific-cultural enterprise so long as God is left out of the picture. (This is something like building a nuclear power plant and leaving out the reactor!)

Well, what has happened in the modern humanistic world, which allows God and his Word no place in the formation and development of art, science, and labor? You can read it in the papers and experience it yourself. It is a world of fear, hatred, greed, and distrust where everything noble, good, and beautiful is being systematically destroyed! Our world without God and redemption without Christ has turned into a nightmare.

Humanistic philosophers such as Marx, Darwin, Kant, and company,

who have sought to put a theoretical foundation under their world without God, have not been able to set our hearts at ease. Indeed, their work has only added to the dissolution and cruelty in modern society. Oh yes, I know we still have some around who speak of the supremacy of reason and swear that man will solve it all. But those who have consistently, and inconsistently too, followed Marx, Darwin, and company have ended in irrationalism, nihilism, and modern skeptical philosophy. Many modern existentialist thinkers are frankly admitting that modern humanism is bankrupt and has no exit from its bankruptcy and despair. "Fear, only fear alone in the dark remains."

We began this paper by saying that social conditions preceding the Protestant Reformation were similar to those confronting us today. Need I speak of revolutionaries or libertines? Many conservatives are also looking to a past golden age. Others are trying to patch up the humanistic system, trying to make it work. Neither approach can possibly succeed.

What is needed is Christian reconstruction. This involves the past, the present, and the future. The *past* provides the traditions and successes of those who have built in terms of God's truth, either explicitly (e.g., the Reformers or early Church Fathers) or implicitly (modern scientists who have operated as if they believed in a doctrine of creation). There is historical unfolding, historical progress. The linear history position is exclusively a Christian and Western heritage, and we must not lose it. Our work in the *present* would suffer if we should turn our backs on the past. We are the heirs of those who have gone before. But our concern must be for the *future*. The future-oriented culture is the progressive culture. It is an upper-class culture. It and it alone offers men the promise that their present labors will have meaning for the future. They will leave something behind them. They will not be forgotten on earth. God is the Lord of creation and the Lord of time. His creative hand guarantees to each man meaning in history. It is this vision which made Western culture possible. Lose it, and we die culturally. The answer is not in some humanistic future, nor is it in some hypothetically autonomous past. The answer is the Word of God. It is on this foundation that we must build.

# THE COMING OF CHRISTIAN CAPITALISM

EDWARD COLESON

Nearly two centuries ago a caricature of humanity was born, a strange creature called the "economic man." He was supposed to be utterly amoral and interested in only one thing—making money. He allegedly pursued the coin of the realm with unflagging zeal and unswerving devotion. He was said to have no cultural interests, no sense of community, and no humanitarian concerns. He was actually an automated money-making machine. It is this "straw man" that is the target in the present heavy attack against capitalism by a lot of evangelical Christians. Those who have taken the trouble to do at least a little of their home work know about the economics of Spencer and Sumner, so familiar as "Social Darwinism."<sup>1</sup> One can concede that these men and their theories were unchristian, but certainly not more so than Marx or Keynes and their ideas. What these evangelical critics do not know or refuse to consider is that there was a Christian economics in the early part of the last century, the basis of Victorian prosperity and progress. This is no figment of my imagination: it can be abundantly documented from history.

It would no doubt be an overstatement to claim that Adam Smith's *Wealth of Nations*, published in 1776, is a textbook in Christian capitalism. But it is also quite unfair to say, as did a prominent evangelical recently, that ". . . Adam Smith, optimistically holding to fixed natural economic laws, did not realize that sin would promote greed. . . ."<sup>2</sup> He simply has not read the *Wealth of Nations*. On the contrary, Smith said, "People of the same trade seldom meet together, even for merriment and diversion, but the conversation ends in a conspiracy against the public. . . ."<sup>3</sup> Nor was he a partisan of big business, as is commonly supposed. "The government of an exclusive company of merchants is," he wrote, "perhaps, the worst of all governments. . . ."<sup>4</sup> Since he did

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1. Richard Hofstadter, *Social Darwinism in American Thought* (Boston: Beacon Press, 1955), pp. 31-66.

2. Earle E. Cairns, *Saints and Society* (Chicago: Moody Press, 1960), p. 21.

3. Adam Smith, *The Wealth of Nations*, Modern Library edition (New York: Random House, 1937), p. 128.

4. *Ibid.*, p. 537.

not trust merchants and manufacturers because of their "mean rapacity," he hoped to deny them political power. Yet he was no anarchist in spite of his misgivings about our political leaders: "The violence and injustice of the rulers of mankind is an ancient evil, for which, I am afraid, the nature of human affairs can scarce admit of a remedy."<sup>5</sup> Whatever the inadequacies of Smith's theology, he seemed to have gotten the doctrine of natural depravity straight.

Of contemporary interest is his assertion that governments are "the greatest spendthrifts"<sup>6</sup> and that

When national debts have been accumulated to a certain degree . . . the liberation of the public revenue . . . has always been brought about by a bankruptcy; . . . though frequently by a pretended payment.<sup>7</sup>

He then expounds on the iniquity of that "juggling trick" called inflation, which he regards as worse than "a fair, open and avowed bankruptcy." It should be interesting to see if we handle our enormous public debts any better than our rude forefathers.

It is necessary to emphasize Adam Smith's attitude toward government because a multitude of our contemporaries are sure that a laissez-faire capitalist is necessarily an anarchist—there can be no other logical position. There are many right-wing anarchists in our midst today, but this is not a necessary alternative to the welfare state, socialism, communism, or some other form of statism. William Blackstone, the great legal authority of that age, stated in his *Commentaries on the Laws of England*, published in 1765, that the laws have no validity, if contrary to the higher law, "dictated by God Himself."<sup>8</sup> John Wesley, the popular preacher of that day, said the same thing: "Notwithstanding ten thousand laws, right is right and wrong is wrong still."<sup>9</sup> Adam Smith's economic system was based on this foundation: "Every man, as long as he does not violate the laws of justice, is left perfectly free to pursue his own interest his own way. . . ."<sup>10</sup> If the "laws of justice," the higher law "dictated by God Himself" is the standard, then a farmer may grow any amount of any legitimate crop he chooses and dispose of it in any honest way, to take one of many possible examples.

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5. *Ibid.*, p. 460.

6. *Ibid.*, p. 329.

7. *Ibid.*, p. 882.

8. William Blackstone, *Commentaries on the Laws of England*, Lewis edition (Philadelphia: Rees Welsh and Co., 1902), I, 31.

9. John Wesley, *The Works of John Wesley* (Grand Rapids: Zondervan, reprinted from the edition of the Wesleyan Conference Office in London, 1872), XI, 70.

10. Smith, *op. cit.*, p. 651.



It would seem that the Bible is so full of references to the centrality of God's law, that it should be unnecessary to speak in support of the doctrine. However, there have been so many from St. Paul's antinomians who were "not under law, but under grace" to Joseph Fletcher's "New Moralists," that perhaps a word of explanation might be in order. Strictly speaking, the natural moral law of two centuries ago was an Enlightenment doctrine and was, to trace its ancestry, of heathen derivation—the Greek Stoics and the Roman Cicero were early advocates thereof—but this only proves that even pagans felt the need of God and His law. As Voltaire said, "If there were no God, we would have to invent one," and one might add that if there were no higher law, we would have to invent its equivalent. Whatever the philosophical and theological problems with the concept of natural law, it was a basic tenet of our fathers two centuries ago, and the Hitlers and Stalins of our day have dramatically demonstrated that we can ill afford to be without something of the sort.

Another key concept of two centuries ago was the natural order, an idea quite foreign to modern thought. Needless to say, a multitude of people today would be horrified at the prospect of letting everyone across the earth produce all he could and then let the abundance flow across the earth like water. When Adam Smith was writing the *Wealth of Nations* two hundred years ago, many were equally frightened with full production and open markets. In fact, for centuries the nations of Europe had worked overtime, trying to restrict their meager production still more in spite of the poverty and hunger of so many of their people. The result was a bewilderingly complicated system, a patchwork of conflicting interests—a sort of economic crazy quilt—known to us as mercantilism. The French, for instance, long before the beginning of the Industrial Revolution, had a restrictive textile "code" which ran to more than three thousand pages. The French Physiocrats urged that there was a natural order<sup>11</sup> into which the textile industry and everyone else would gravitate, which would guide them far more wisely than the government had or could. Adam Smith believed the economy would run by itself too. He insisted that behind the scenes was the "invisible hand,"<sup>12</sup> which would guide our productive efforts in response to the enlightened self-interest of each individual as producer and consumer. He was certain that if the many political schemes for rigging the market in favor of selfish interests were "completely taken away, the obvious and simple system of natural liberty establishes itself of its own accord."<sup>13</sup> If the

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11. John M. Ferguson, *Landmarks of Economic Thought* (New York: Longmans, Green and Co., 1938), p. 50.

12. Smith, *op. cit.*, p. 423.

13. *Ibid.*, p. 651.

appeal was to "Nature and to Nature's God," as Thomas Jefferson phrased it in the Declaration of Independence, they still recognized God, if in a detached and deistic way. To them these natural forces, which would run the economy so well, were like the law of gravity, and I guess we regard gravity in a rather impersonal fashion too, whatever our theology may be.

If the founders of our political economy were hardly fervent evangelicals, the men who finally put it into practice were. We should remember that there was a long time lag between the publication of the *Wealth of Nations* in 1776 and the application of the theory contained therein, the "Repeal of the Corn Laws," which was finally accomplished in 1846. During those long years, the Wesleyan revival was a powerful force, even decades after Wesley's death. It was much more than revival, in the narrow sense, too. In 1772 the first of the great evangelical reforms was accomplished, the freeing of the slaves in England. The King's Bench, the English Supreme Court, freed them because slavery was contrary to God's law. Years later a young aristocrat, William Wilberforce, M.P. (Member of Parliament) was converted and, after much soul searching, decided to devote his political talents to abolition and reform. He became the nucleus of a small group of influential evangelicals who lived in a London suburb, Clapham Common, and promoted all the worthy causes. Wilberforce was called "the authorized interpreter of the national conscience," and he and his devout neighbors were dubbed "The Saints" or the "Clapham Sect" by their political opponents. According to Earle E. Cairns<sup>14</sup> the Clapham Sect accomplished more of a constructive nature than any reform movement in history. It was out of this context of revival and reform that Victorian free enterprise and free trade were born.

The Clapham Sect make an interesting study, particularly when contrasted with today's "Evangelicals of the Left," if I may coin a term, too. It is beyond the comprehension of many contemporary Christians how any Bible-believing Christian can be a laissez-faire capitalist. Richard Pierard even wrote an eloquent book, *The Unequal Yoke*, dedicated to the proposition that such a position "violates the basic ethical principles of Christianity."<sup>15</sup> Since he mentions me at least three times in the book, the volume was quite interesting. One may concede that many present day conservatives—"radicals of the right," to use his language—are all mixed up, but are they more so than today's left-wing evangelicals? It is true that the grandchildren of these same Claphamites formed another

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14. Cairns, *op. cit.*, p. 43.

15. Richard V. Pierard, *The Unequal Yoke* (Philadelphia: J. B. Lippencott, 1970), p. 73.

exclusive and influential clique, the Bloomsbury Circle—not laissez-faire capitalists like their fathers before them, but Fabian Socialists. This may suggest that the free-enterprise philosophy is untenable, but it is interesting to note that the Bloomsbury Circle was an immoral bunch and militantly anti-Christian. This “century-long migration of English . . . intellectuals from Clapham to Bloomsbury,”<sup>16</sup> as a recent writer calls it, makes an interesting study. It is precisely the same transition that many evangelicals have been making in the last generation. It will be interesting to see if they can keep their Christian faith in the process.

The informed reader may wonder why I mentioned the Clapham Sect and the reform movement growing out of the Wesleyan revival at all. Was not British free trade the work of the Anti-Corn Law League and the consequence of “Manchester economics,” not the activities of the Clapham Sect? This is true. It is also true that the members of the league<sup>17</sup> made it very clear from the beginning that their free trade program was based “on the same righteous principles” as the recent and very successful abolition movement. This, of course, could have been a gimmick; they were skillful propagandists as indeed the abolitionists had been. However, this is unfair, as should be evident as we pursue the story. It is also unfair to claim (the famous Williams-Coupland<sup>18</sup> controversy) that the abolition of slavery can best be explained on economic grounds, that it simply faded away (with a little push from Wilberforce) when it ceased to be profitable. But as J. C. Furnas has pointed out, ships were still smuggling slaves into our South until the Civil War with captains and crews receiving wages highly eloquent of how extremely well slave smuggling paid.<sup>19</sup> During the long years of debate over slavery (the English slave trade was abolished in 1807 and plantation slavery in the colonies in 1834), the economic argument did come up, but Wilberforce and his associates insisted that “a Christian country should be glad to give up profits which are made out of human shame and misery.”<sup>20</sup> This is Christian economics: the profit motive is legitimate, but there can be more important considerations. It should be added that they believed that what is morally right is the more expedient policy in the long

16. Robert Langbaum, *The Victorian Age* (Greenwich, Conn.: Fawcett Publications, Inc., 1967), p. 9.

17. George Barnett Smith, *The Life and Speeches of the Right Hon. John Bright, M.P.* (London: Hodder and Stoughton, 1881), I, 133.

18. Reginald Coupland, *The British Anti-Slavery Movement*, 2nd ed. (London: Frank Cass and Co., 1964), pp. xvii-xxi; discussion of controversy by J. D. Fage, who wrote the Preface to the second edition.

19. J. C. Furnas, *The Road to Harper's Ferry* (New York: William Sloane Associates, 1959), p. 162.

20. W. E. F. Ward, *The Royal Navy and the Slavers* (London: George Allen and Unwin Ltd., 1969), p. 19.

run, that sound economics is simply Christian ethics. Adam Smith<sup>21</sup> had said long before that slavery was uneconomic (free men were more productive) but the ancient evil continued. Wilberforce did not wait for slavery to fade away spontaneously. This is an important point because conservatives today allegedly have a "do-nothing" social policy. Perhaps so, but the Clapham Sect and the Anti-Corn Law League were laissez-faire economists, evangelicals, and active reformers. It has been done. Furthermore, back in this "Age of Reform" it appears that many people, like Alexander, were looking for other worlds to conquer. One successful venture lead to another.

Perhaps a few words of explanation are necessary in discussing the English Corn-Law problem. Firstly, "corn" to them is grain, probably wheat in this case. Secondly, the Corn Laws were the British "farm program," an ancient attempt to keep the farmers happy, although some thought had been given to the consumers too. More recently, it seemed that the landed aristocrats who were running England were mostly concerned with their own interests and were indifferent to the suffering of the poor. Just providing bread, the meagerest sort of a diet, for the family has always been a major problem for ordinary people in any pre-industrial society and still is in the so-called underdeveloped countries today—as some of us know, who have been out where people are hungry. Two centuries ago in England it cost a common laborer five day's pay for a bushel of wheat. A generation later, with the Napoleonic Wars and bad harvests, the price eventually rose to about two week's pay.<sup>22</sup> At this time of great crisis Parliament decided to increase the tariff on imported grain and in effect, make bread even more scarce and expensive. Needless to say, this was too much for many people. As the reader knows, there have been loud protests in America recently that the price of food was getting out of hand; we who can buy a bushel of wheat, if we want one, for an hour's pay, more or less, will find it hard to comprehend the depths of their poverty, but perhaps we can understand their feeling of outrage. This set the stage for about thirty years of chronic discontent, although in the short run most people felt there wasn't much they could do about it. After all, the landlords ran the country and they were not disposed to let in cheap grain from abroad to relieve the situation. Finally, with the Reform Bill of 1832, the power of the landed gentry was curtailed, if not broken, and the way was cleared to do something about Corn Laws and high food prices, although nothing happened immediately. It is interesting to note that the new Parliament attended

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21. Adam Smith, *op. cit.*, p. 365.

22. Robert L. Heilbroner, *The Worldly Philosophers*, 4th ed. (New York: Simon and Schuster, 1972), p. 79.

to a moral problem which was geographically quite remote: they abolished slavery in the colonies and voted twenty million pounds out of domestic taxation to compensate the slave owners. The more immediate problem of bread they attended to a little later. In all fairness, no doubt politics explains the delay, however, not a selfless Christian charity.

With the founding of the Anti-Corn Law League in 1838, organized opposition to the British "farm program" began to gather force. Started in Manchester by seven men meeting "behind a dingy red curtain in a room above the hotel stables," the League quickly became a political power. While their objectives were clearly practical, the repeal of duties on imported grain and tariffs in general, the campaign

was conceived in humanitarian and religious as well as economic terms. The very language of men like Cobden and even more later on of John Bright was dominated by Biblical metaphors and images. Texts sprang to their lips as easily as statistics. . . ."<sup>23</sup>

The campaign became "the politics of the Gospel," and they sought to make Manchester the center for the propagation of this new "Christian Economics" (to borrow a phrase from Dr. Kershner), "just as Jerusalem was the center of our faith." A great conference for the clergy was held at Manchester in 1841 and soon ministers were denouncing the iniquities of the "bread tax" and preaching the blessings of free trade. In the early Victorian era when many people took their Bibles very seriously indeed, this proved to be a very effective propaganda approach. Certainly with John Bright, the devout Quaker, this was no act; while he, as a business man, expected to gain by free trade, he could be equally adamant about ethical issues when he knew he would lose, such as when he opposed the Crimean War a few years later, and lost his seat in Parliament. Bright's political policy was based on "an omnipotent and eternal moral law," and he was not prepared to adjust his views to suit anybody, not even the folks he represented. If his fellow Victorians were not as consistent as he over the long run, still their moral earnestness gave the famous "Battle of the League" the quality of a holy crusade, a campaign for cheaper bread for the hungry multitudes.

Men like Bright and Cobden were business men and politicians, not theoreticians, but the philosopher soon appeared to supply the "Christian Economics." Economics had had a respectable and moral beginning with Adam Smith, but had fallen on evil days with the pessimism of "Parson Malthus" and his famous population essay of 1798. This starvation brand of social theory had earned economics the somber nickname of that "dismal science." As a recent writer has pointed out,

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23. Asa Briggs, *The Making of England, 1783-1867, The Age of Improvement* (New York: Harper and Row, Harper Torchbook, 1965), 315.

The British free-traders were much embarrassed . . . by the dismal parts of the "dismal science," and avidly seized upon the purified version of economics presented by the Frenchman, Frederic Bastiat. In a sense, he is the "classical" Manchester theorist. A brilliant writer, he achieved world fame with his parable of the candle-makers. . . .<sup>24</sup>

In reading him it is not hard to discover why Bright and Cobden "avidly seized upon" his "version" of economics. As Bastiat says in his *Harmonies of Political Economy*:

There is a leading idea which runs through the whole of this work, which pervades and animates every page and every line of it; and that idea is embodied in the opening words of the Christian Creed, I believe in God.<sup>25</sup>

One is reminded of Winston Smith, the hero of Orwell's *1984*, who took his beginning, the basis for straightening out the world, from the proposition that if "two plus two make four, all else follows." For Bastiat the existence and goodness of God formed the foundation for his philosophical system. For him as with Saint Paul, "All things work together for good to them" who are in harmony with the Creator and His divine plan (Rom. 8:28). From this he deduced the basis for his economic system: "All men's impulses, when motivated by legitimate self-interest, fall into a harmonious social pattern."<sup>26</sup> Therefore, there is no necessary conflict between nations or individuals, between capital and labor, between ruler and subjects, between parents and children. One is reminded of St. James's question: "From whence come wars and fightings among you?" (James 4:1). Bastiat also believed they came of "our lusts," and represented an unnecessary and disastrous conflict where ultimately nobody wins and everybody loses. He was not alone in this belief. According to John Stuart Mill, "every true reformer" should pray that the Lord would

. . . enlighten . . . our enemies, . . . sharpen their wits, give acuteness to their perceptions. . . . We are in danger from their folly, not from their wisdom. . . .<sup>27</sup>

Bastiat rejected "the frightful blasphemy"<sup>28</sup> that life on this earth is inevitably a struggle, "red in tooth and claw," as Tennyson expressed it—God simply could not have made the world like that. To understand

24. Eduard Heimann, *History of Economic Doctrines* (New York: Oxford University Press, Galaxy Book, 1964), pp. 123-124.

25. Frederic Bastiat, *Social Fallacies* (Santa Ana, Calif.: Register Publishing Co., 1944), p. 1.

26. Frederic Bastiat, *Economic Harmonies* (Princeton: D. Van Nostrand Co., 1964), p. xxi.

27. Langbaum, *op. cit.*, p. 121.

28. Frederic Bastiat, *Economic Sophisms* (Princeton: Van Nostrand, 1964), p. 88.

why Bastiat's "purified version of economics," based on the natural harmony of legitimate interests, had such great appeal to the League and others, it is well to remember that William Paley's doctrine of Design<sup>29</sup> still dominated English thought. Scholars were producing ponderous volumes showing the wonders of the Creator's handiwork in a universe where all things work together in harmony. Bastiat's harmonious economics was just part of the larger plan. He also arrived just in the nick of time to supply the League with convincing economic arguments for what they believed and wanted to do anyway.

While the details of the "Battle of the League," as it has been called, would exceed our present limited space, the broad pattern is not that complicated. The Anti-Corn Law League was an organization of eager and committed individuals who produced propaganda by the ton (no figure of speech—as many as three and a half tons of free-trade tracts were shipped from Manchester in a single week). They organized meetings, large and small, and spoke to any who would listen. When crops were poor and bread was high, people did tend to listen to them, too, but, when grain was more abundant and cheap, they found less interest. Sweeping reductions in tariffs by Robert Peel's government placated the lukewarm and middle-of-the-road supporters of the cause. In fact, there seemed little hope of success when "Nature" suddenly intervened. The fall rains of 1845, "the wettest autumn in the memory of man" finally turned the tide in favor of the League. "It was the rain that rained away the Corn Laws," said the biographer of Richard Cobden.<sup>30</sup> With Ireland starving (a half million or perhaps two million did starve, depending on whose guess you want to believe) and with England only a little better off, something drastic had to be done and the Anti-Corn Law League made the most of their opportunity. In a dramatic switch Prime Minister Peel deserted his party and protectionism. In June of 1846 the repeal of the Corn Laws was accomplished. Some of the exultation of that moment of triumph may be sensed from this little poem, dedicated to R. Cobden:

God said, "Let there be light;" and lo,  
Light sprang forth at His word.  
God said, "Let there be bread;" but no,  
Man heeded not the Lord.  
But Cobden rose like wisdom's star  
From knowledge's bright sea,  
And Knaves were hush'd and tyrants crush'd  
And labour's bread was free.

29. A. Cressy Morrison, *Man Does Not Stand Alone* (New York: Fleming H. Revell Co., 1944), pp. 7, 8.

30. Dean Russell, *Frederic Bastiat: Ideas and Influence* (Irvington-on-Hudson, N. Y.: Foundation for Economic Education, 1965), p. 75.

More correctly, it was less expensive because the new flood of cheap grain from America could come in unrestrained—a great boon to our Western farmers, if not to English agriculture. It is interesting to note that Lord Ashley,<sup>31</sup> that great evangelical reformer, voted for free trade in grain, although he was a landed aristocrat. He voted for it because it was right. It was this conviction that their cause was righteous which carried the day for the League.

With this first great hurdle cleared, England soon went on to abolish most of the remaining tariffs and emerged as the great free trade nation. Soon the Western European nations were following the British example. Unfortunately, the United States did not follow the fashion. It is interesting to note that the high tariff policy which the North insisted upon nearly led to war with the South a generation before the Civil War came—about the time, in fact, that English reformers were freeing their own slaves in the colonies,<sup>32</sup> which they accomplished without war. Cobbett had rejoiced when he came over here in 1818 that America had “No Wilberforces. Think of that! No Wilberforces.”<sup>33</sup> We had no Cobden and Bright either. We did have a disastrous Civil War, however, over the unresolved problem of slavery and tariffs. If we had no William Wilberforce, we did have John Brown of Harper’s Ferry. Our failure on slavery still haunts us and our unresolved economic problems threaten daily to overwhelm us. In this hour of national crisis, can we learn from these Christian statesmen of long ago?

Perhaps one of the highest tributes to Victorian economic policy ever written was penned by an Austrian socialist, Karl Polanyi. He entitles the first chapter of his book, *The Great Transformation*, with the attractive title “The Hundred Years’ Peace.” He then points out that nineteenth-century civilization rested on four institutions: the balance of power, the gold standard, the market economy (free enterprise and free trade), and limited government. After commending the system for producing this long period of relative peace in Europe (1815 to 1914—Waterloo to the “Guns of August”), and providing “an unheard-of material welfare,” he then complained that their good luck could not have continued—“a self-adjusting market implied a stark utopia.” As is evident from reading the rest of the book, he regards capitalism as laissez-faire anarchism, as “survival of the fittest” or more correctly, the most cunning and ruthless. He does not see the possibility of freedom

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31. Cairns, *op. cit.*, p. 118.

32. Brooks Atkinson, ed., *The Complete Essays and Other Writings of Ralph Waldo Emerson*, Modern Library edition (New York: Random House), pp. 831-857.

33. Eric Williams, *Capitalism and Slavery* (New York: Capricorn Books, 1966), p. 155.



under law—God’s law—something we who call ourselves Christian have well nigh forgotten too.

Like the author of the book of Hebrews, “What shall I more say? for the time would fail me to tell . . .” of the many other accomplishments of those Christian statesmen of long ago: of the liquidation of a welfare system that even Polanyi with his socialist bias allows was “ghastly”<sup>34</sup> in its social consequences; of a reduction of income taxes under William E. Gladstone from five to two per cent; of a great increase of “law and order” in England; of a global investment program that spread prosperity and economic development across the earth much more effectively than our foreign aid attempts have—and much more. Little wonder that a recent writer has lamented: “In our own unpleasant century we are mostly displaced persons and many feel tempted to take flight into the nineteenth as into a promised land. . . .”<sup>35</sup> Yet there is little use in trying to flee to the past. It would make much more sense to courageously face our present problems and the future. Whatever success they may have had long ago was by no secret formula: their Faith can be our Faith and their God our God, for—

If my people, which are called by my name, shall humble themselves, and pray, and seek my face, and turn from their wicked ways; then will I hear from heaven, and will forgive their sin, and will heal their land. (II Chron. 7:14)

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34. Karl Polanyi, *The Great Transformation* (Boston: Beacon Press, 1957), p. 80.

35. Asa Briggs, *Victorian People* (New York: Harper and Row, Colophon Books, 1955), p. 7.



## II. CHRISTIAN RECONSTRUCTION

### Contemporary Art:

#### HUMANISM'S PROPHET, THE ARTIST

ROUSAS JOHN RUSHDOONY

Joseph (or Josephin) Peladan (1858-1918), a French writer, mystic, and occultist, called himself *Sar* or “magician,” harking back to ancient Persia for an ideal. As a man opposed to Christianity, he sought to eradicate the older Christian idea of the artist as an artisan, i.e., a skilled businessman working in a particular medium as a means of exercising his godly dominion under God. Peladan wanted a rigorously humanistic idea of the arts, one more in line with the implications of the modern age, of humanism and Romanticism. He founded the order of Rose-Croix and made it a sponsor of art exhibits. He himself wrote a series of novels titled *Decadence Latine*. In an Easter Day proclamation which appealed to many artists, Peladan declared, “Artist—you are the king! Artist—you are the priest! Artist—you are the Magician!”<sup>1</sup>

Much earlier, the Romantic Movement, a logical development of humanism, had made explicit what art previously had held implicitly, “a new set of human values.”<sup>2</sup> However, these new values appeared even in such a champion of classicism as Jean-Auguste-Dominique Ingres (1780-1867). According to Clark,

For his role as the high priest of tradition, for which Ingres deliberately cast himself, he had one qualification—a sublime faith in art. He really believed that the truth had been revealed to him. He was one of the elect. He was possessed by a higher power, so much so that he used to refer to himself in the third person, as Monsieur Ingres, even in his love letters.<sup>3</sup>

Faith now was not in God but in art; the elect people were artists, and inspiration now had a new class of prophets, the artists. Shelley, of course, declared poets to be the unacknowledged legislators of the world.

More than artists believed this idea. Inspiration for humanism increasingly had a new, inspired source. No old order, religion, or law could act as a brake to this wave of the future, inspiration welling out of the foun-

1. Philippe Jullian, *The Symbolists* (London: Phaidon Press, 1973), p. 26.

2. Kenneth Clark, *The Romantic Rebellion* (New York: Harper and Row, 1973), p. 20.

3. *Ibid.*, p. 130.

tain of free, unfettered, uninhibited artistic man. The truth is man: this was the new doctrine, and man the artist, being most free from the past and its laws, most freely and fully expressed this truth.

Even so pious a soul as Gladstone contributed to this new spirit by absorbing Greek art into a pietistic Christianity. Gladstone felt that he had done a service to art, in that he believed himself to "have been the first to preach and teach that the secret of excellence in the art of Greece lay in the anthropomorphism, or, as I commonly call it, the theanthrophism of the Olympian religion."<sup>4</sup> The vast difference between man as God, and God incarnate as man, a most elementary and obvious fact, was blurred by Gladstone.

The artists, however, were usually wiser. They saw the difference between the Christian world view, and all art which, however humanistic, still echoed that world view, as against humanism and its perspective. Pablo Picasso saw the distinction clearly, declaring, in 1935, "In the old days pictures went forward towards completion by stages. Every day brought something new. A picture used to be a sum of additions. In my case a picture is a sum of destructions."<sup>5</sup> Because humanism wants to rebuild man totally, it means also to reconstruct his seeing and his universe. This involves a steady erosion and destruction of the older sight and its replacement with a new kind of vision.

The artists differ on what this new vision must be, but they are agreed that it must be totally a human product, unconditioned by external reality or by any tradition imposed by the past. Thus, while Giorgio De Chirico's art itself would not find general acceptance with other artists, his concept of the new metaphysics of art would. De Chirico in 1913 declared:

To become truly immortal a work of art must escape all human limits: logic and common sense will only interfere. But once these barriers are broken, it will enter the regions of childhood vision and dream.

Profound statements must be drawn by the artist from the most secret recess of his being; there is no murmuring torrent, no bird song, no rustle of leaves can distract him.

What I hear is valueless; only what I see is living, and when I close my eyes my vision is even more powerful.

It is more important that we should rid art of all that it has contained of *recognizable material to date*; all familiar objects, all traditional ideas, all popular symbols must be banished forthwith. More important still, we must hold enormous faith in ourselves; it is essential that the revelation we receive, the conception of an image which embraces a

4. William Gaunt, *The Pre-Raphaelite Tragedy* (New York: Harcourt, Brace, 1942), p. 158.

5. Robert Goldwater and Marco Treves, eds., *Artists on Art, from the XIV to the XX Century* (New York: Pantheon Books, [1945] 1972), p. 419.

certain thing, which has no sense in itself, which has no subject, which means *absolutely nothing* from the logical point of view—I repeat, it is essential that such a revelation or conception should speak so strongly in us, evoke such agony or joy, that we feel compelled to paint, compelled by an impulse even more urgent than the hungry desperation which drives a man to tearing at a piece of bread like a savage beast.<sup>6</sup>

De Chirico's language is not accidental: it borrows from both Christianity and savagery. A work of art, "to become truly immortal," must be supernatural in a new sense, *not* beyond nature, but raw nature intensified to the last possible degree. (The prefix "super" can mean not only "over" and "beyond," but also above in degree or amount, denoting excess, as in super-civilized, super-dainty, or super-saturate.) The higher barriers of logic and common sense must be shattered in favor of the release of the most primitive aspects of nature. The work of art is not thus a higher comprehension and understanding but a raw vision with all the direct and primitive urgency of "the hungry desperation which drives a man to tearing at a piece of bread like a savage beast." Such a new vision comes from *closed* eyes, because, not something in or beyond the world is the new source of "revelation," but man himself is the revelation, in his own being. Meaning is now placed beyond logic: it is an expression without sense, an expression of the voice of chaos and of being without essence.

Much earlier, Eugene Delacroix, in his *Journal* entry for May 1, 1850, wrote:

It is evident that nature cares very little whether man has a mind or not. The real man is the savage; he is in accord with nature as she is. As soon as man sharpens his intelligence, increases his ideas and the way of expressing them, and acquires needs, nature runs counter to him in everything. He has to do violence to her continually.<sup>7</sup>

These ideas were increasingly common in intellectual circles. By the 1960's, two areas of the new savagery appeared. *First*, the worlds of the university and the arts began to manifest self-consciously dirty, shaggy, ostentatiously pseudo-primitive peoples. If the youth of the middle classes and working men wanted to imitate them, it was necessary to leave home and congregate in university communities or "arty" areas. *Second*, the ghetto began to turn into a lawless area also, in imitation of the intellectuals. The intellectuals had begun by establishing the Negro, i.e., the lawless Negro, as an ideal man, and by trying to become White Negroes. By their example, the intellectuals had given confidence to, weakened laws against, and given ascendancy to, the the more lawless

6. *Ibid.*, p. 439f.

7. John Gassner and Sidney Thomas, eds., *The Nature of Art* (New York: Crown Publishers, 1964), p. 433.

elements in the ghettos. Black leadership was shifted from its educators and business leaders to the agitators and champions of violence.

Since the world of God is the world of logic, and logic requires consequence and responsibility, the denial of logic by De Chirico and others is an affirmation of irresponsibility.

William Snaith titled his study of modern art *The Irresponsible Arts* (1964) because modern art places "a higher goal . . . on the fulfillment of esthetic goals than on the service of human needs." The arts have become obscurantist and non-communicative in their esthetic purposes, and "The artist has become increasingly involved with the means by which he accomplishes his ends. The practice has reached a point wherein the means in themselves have become the sole purpose."<sup>8</sup> This a deliberate course. As the prophets of humanism, the artists must of necessity give a pure word of revelation, uncontaminated by outside influences. This pure word is an entirely subjective word, of necessity concentrated on the being of the artist rather than an objective world order. Since the essence of man, i.e., autonomous man, divorced by rebellion from God, is lawlessness, magic and occultism are important to modern art.<sup>9</sup> There is of necessity a studied lawlessness and an exaltation of the occult, the novel, the strange, perverse, and the offensive. The beginnings of this impetus are at least as old as the Romantic movement. Newton observed:

If then the essence of romanticism . . . is a refusal to look for absolutes of law and harmony in the outer, material world and an attempt to discover, empirically, any means that will serve to symbolize the inner, spiritual life, it follows that romanticism in any of the arts is always characterized by experiment—attempts to discover new formal devices whose only requirement is that they shall be appropriate to the mood to be expressed.<sup>10</sup>

But man himself is a creation of God, and hence man's total being is revelational of God's handiwork. For modern art to renounce God means therefore to renounce man also. The logical conclusion (and man, in spite of himself, is logical, and pursues ideas to their logical consequences) is that humanism ends by denying man and by seeking the destruction of man. The artist-prophet becomes anti-human, in flight from himself and humanity; he becomes the voice of unreason and destruction. Art ceases to be construction and becomes destruction, because it has become dedicated to an inspiration that speaks only of chaos.

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8. William Snaith, *The Irresponsible Arts* (New York: Athenaeum, 1964), p. 5.

9. See T. H. Robsjohn-Gibbings, *Mona Lisa's Mustache, A Dissection of Modern Art* (New York: Knopf, 1947).

10. Eric Newton, *The Romantic Rebellion* (New York: St. Martin's Press, 1963), p. 29; cf. p. 173.

## Historical Revisionism:

# A BIBLICAL RECONSTRUCTION OF EGYPT'S EARLY CHRONOLOGY

DONOVAN A. COURVILLE

Problems dealing with the apparent discrepancies between the views of popular science and those of Scripture have long occupied the attention of Bible scholars. The early phases of the controversy dealt primarily with the problems of creation and the flood versus evolution. The major disciplines involved were geology, anthropology, and biology. Problems in the area of archaeology are of a notably later origin. This late entrance of archaeology into the controversy resulted from the late appearance of a chronology of antiquity that could be generally agreed upon. Since there were more incidents of Scripture related to Egypt than to any other area, the development of a chronology of Egypt became a matter of particular importance.

The developed chronology of Egypt was based on the work of Manetho, a Greek scholar who lived in Egypt just prior to the time of Christ. Manetho undertook the task of arranging the kings of Egypt into groups or dynasties. He recognized twenty-six such dynasties reaching from Mena, first king of dynasty I (assigned a beginning date in the sixth or seventh millennium B.C.) to the fall of Egypt to the Persians in 525 B.C. Early scholars had assumed that these dynasties ruled in an uninterrupted sequence. By a summation of the time periods as given by Manetho, and making liberal allowances for areas of uncertainty, such a beginning seemed defensible. With the introduction of the Carbon-14 method of dating, analyses of materials from the era of the first dynasty demanded that the date for Mena be moved forward to the late fourth millennium B.C. Evidence was shortly noted calling for a still further reduction. Dates for the first dynasty (c. 2800-?; revised chronology, c. 2125-1880 B.C.) are now widely accepted by conservative Bible scholars.

The earliest point in Egyptian history that presented a clear basis for relating the histories of Egypt and Israel was the incident of the Exodus. Such an incident, belonging to the histories of two areas, or referred to in the inscriptions of two areas, is called a *synchronism*. Obviously, the date for such a synchronism must be the same on the B.C. time scale for

both areas. It is on the basis of such synchronisms that the inter-relations among the peoples of antiquity are determined.

Prior to the devising of a chronology for Egypt, scholars had noted, on the basis of Exodus 1:11, that a king by the name Rameses was ruling in Egypt during the period of enslavement of the Israelites. Of the known kings by this name, Manetho's Rameses II of Dynasty XIX (1350–1200 B.C.; revised chronology, 835–790 B.C.) seemed the only king by this name to be reasonably so identified. Since Rameses II had a long reign of 67 years, he, or possibly his successor Merneptah, was nominated as the pharaoh of the Exodus. At that time, the nomination was not hampered by problems of chronology, and the nomination was universally accepted by both skeptics and conservative Bible scholars alike. There was no question but that when such a chronology had been agreed upon, Rameses II would meet the limitations imposed by Bible chronology.

On the basis of I Kings 6:1, 480 years elapsed between the Exodus and the beginning of construction on Solomon's temple. The date for the fourth year of Solomon could be calculated from the biblical figures with close approximation to the decade 970–960 B.C. This date was later revised<sup>1</sup> to 966–965 B.C. to yield a date for the Exodus 1446–1445 B.C. This date is now accepted among conservative Bible scholars generally.

With the development of a chronology of Egypt acceptable to scholars, Rameses II was assigned dates 1292–1226 B.C. These dates are a century and a half too late to agree with an Exodus dated in the mid-15th century B.C. In recognition of this discrepancy, most conservative Bible scholars abandoned the 19th dynasty setting for the Exodus in favor of a position in the 18th dynasty (1580–1350 B.C.; revised chronology, 1028–700 B.C. See note in Table 1.) Since the dates within the dynasty were susceptible to minor corrections, the Exodus pharaoh could be identified as either Thutmose III or his successor, Amenhotep II. Both identifications have been defended.

This altered placement of the Exodus, in the opinion of most scholars, had little to recommend it beyond this agreement with the calculated date from the biblical figures. The late William F. Albright, one of the more conservative biblical archaeologists, commented on the matter thus: "Some scholars wish to date the Exodus much higher, even in the 15th century B.C. but the high chronology offers such insoluble difficulties that it scarcely seems worth considering at all."<sup>2</sup> This opinion is now shared

1. Edwin R. Thiele, *The Mysterious Numbers of the Hebrew Kings* (Grand Rapids: Wm. B. Eerdmans Publishing Co., 1965), chap. 3.

2. William F. Albright, *Old Testament Commentary* (Alleman and Flack, 1948), cited by H. H. Rowley, *From Joseph to Joshua* (London, 1948), p. 16n.



by virtually all scholars other than the fundamentalist Christian scholars who retain a belief that I Kings 6:1 is as much a part of inspiration as is Exodus 1:11. It was believed that the Exodus reference did not actually demand a ruling king by the name Rameses at the Exodus and that further archaeological excavations would yield information that would vindicate this altered placement.

### *The 18th Dynasty Setting in Deep Trouble*

That the 18th dynasty setting of the Exodus involved some large problems was apparent from the time of its origin. It suffered from the necessary placement of the period of enslavement at a time when there were no *kings* by the name Rameses, and no reference otherwise to such a name. Even more significantly, the kings of the 18th dynasty ruled from Thebes, far to the south of the Delta region, where the story of the enslaved Israelites finds its background. It is in this area that sites believed to be those of Pithom and Pi-Rameses have been located. In the ruins of Pi-Rameses, the name of Rameses II appears in profusion. A problem was thus created, since Scripture pictured the enslaved Israelites near the king's palace (Ex. 1:15f). That this was *not* a temporary residence, as some have proposed as a means of avoiding the difficulty, is indicated by the continued presence of the pharaoh in this area from the time of Joseph to the Exodus. He was there at the time of Joseph (Gen. 45:8-10). He was there at the time of Jacob's death (Gen. 50:4-6). He was there at the time of the birth of Moses (Ex. 1:15f). He was there at the time of Moses' flight (Ex. 2:15). He was there throughout the experience of the plagues and at the Exodus (Ex. 8-10). It is hardly allowable that this difficulty can be explained by assuming a temporary or periodic residence in this area.

Both the 18th and 19th dynasty settings suffer from the discovery of the mummies of the pharaohs nominated as the pharaoh of the Exodus. It is thus necessary to either deny the death of the Exodus pharaoh in the Red Sea debacle, which view is contradictory to Psalms 136:15, or to assume that the body was recovered and returned to Egypt for burial. This latter explanation is contradictory to Exodus 15:5. Since the king, above all others in the army, would certainly wear armor, he would be among the first to find his final resting place at the bottom of the sea.

Even more traumatic to the 18th dynasty placement of the Exodus is the failure of the Egyptian inscriptions even to suggest that there was any significant crisis in Egypt at this time. The power and prosperity to which Egypt was elevated in the reign of Thutmose III continued unabated into the reign of Amenhotep II. The attempts to defend this placement of the Exodus have overlooked one important factor—a

factor which, standing alone, is adequate to negate this theory as far as meriting serious consideration. This is the well-recognized fact that it would have required far less than the situation described in Scripture to have resulted in a rapid and easy rebellion on the part of the tribute-paying peoples. There would certainly have resulted a complete loss of any empire that Egypt may have controlled at the time.

The empire of Thutmose III extended to the widest limits in all of Egyptian history. All the evidence points to the total absence of any such crisis at the death of Thutmose III, which point is taken by some as that of the Exodus in order to meet the detail of the pharaoh's death in the Red Sea. James Henry Breasted has commented at some length on the situation at this point:

As so often in similar empires of later age, when the great king died, the tributary princes revolted. Thus when the news of Thutmose III's death reached Asia the opportunity was improved and the dynasts made every preparation to throw off the irksome obligation of the annual tribute. . . . With all his father's energy the young king [Amenhotep II] prepared for the crisis and marched into Asia against the allies, who had collected a large army. . . . In this encounter he led his forces in person as his father before him had so often done, mingling freely in the hand-to-hand fray. . . . The enemy was routed. . . . He had rescued a garrison of his troops from the treachery of the revolting town of Ikathi and punished its inhabitants. . . . "The chiefs of Mittani come to him, their tribute upon their backs. . . ." His return [to Egypt] was a triumphal procession. . . .<sup>3</sup>

This description hardly fits into the picture provided in Scripture for the conditions following the death of the reigning pharaoh. Furthermore, Amenhotep II was able to maintain this control over his empire. After quelling the revolt in Asia, he similarly established his control of Nubia to the south. Breasted continued: "—It was now regarded as a matter of course that Ammon [god and father of the king] had pressed into the eager hand of every Pharaoh scepter and sword alike. The work of Amenhotep's great father was so thoroughly done, however, that as far as we know, he was not obliged to invade either Asia or Nubia again."<sup>4</sup>

If conservative Bible scholars have not been able to recognize the demand of the scriptural details of the Exodus and related events for producing an unconcealable crisis in Egypt, certainly the opponents of a historically dependable Scripture have had no difficulty in this matter. This is indicated by the extreme lengths to which scholars have gone to

3. James Henry Breasted, *A History of Egypt* (New York: Charles Scribner's Sons, 1909), pp. 323, 324.

4. *Ibid.*, p. 326.

reduce the significance of the Exodus to one of more manageable proportions. The interpretations of biblical archaeology start with the premise that no specific statement of Scripture is necessarily historical except as it can first be confirmed by archaeology. Starting with this supposition, there is no difficulty in avoiding the implications of Scripture for such a dire crisis.

Those of us who believe in Scripture for what it claims to be do not have recourse to such reasoning in meeting these problems. The detail of the loss of perhaps 2,000,000 of the total population (estimated to have been about 8,000,000), of whom some 600,000 were adult male slaves, must be considered. The effects of the ten plagues must be taken as the record reads. The last of the ten involved the death of the firstborn, but certainly there must have been many more deaths from the preceding plagues.<sup>5</sup> The loss of the Egyptian army cannot be ignored. It is *not improbable* that Egypt, at this time, lost up to one-half of its population. To these disasters must be added the loss of most of the cattle (Ex. 9:6, 19-21; 11:5), most of the season's crops (Ex. 10:5), and much of the wealth of Egypt (Ex. 12:36).

To avoid the implications of these details, as is done by scholars generally, the number of escaping Israelites is reduced to about 5,000. To avoid the expected crisis from the loss of the army, the pursuit was made by a mere task force. The plagues are made the results of not too unusual weather conditions.<sup>6</sup> The pharaoh did not lose his life in the Red Sea; he either did not accompany his army or else commanded his army from the shore line. To accept these details as part of the inspired and dependable historical record, is to face the overwhelming incongruity of the 18th dynasty placement of the Exodus. E. Eric Peet recognized that the single factor of the loss of the slaves would have been adequate to have produced such an unconcealable crisis. He wrote: "—Whereas, if the numbers of the emigrants were nearly 2,000,000, which is a legitimate deduction from Ex. 12:37, the movement was one, which would have shaken Egypt to its very foundations, and which, even if it had failed to be recorded in one of the numerous monuments which have survived in Egypt, would at any rate have left some unmistakable impression in Egyptian history."<sup>7</sup>

5. Josephus states that there were many deaths from the plagues of lice, of frogs, of boils, and of darkness, with a note that "a great part of the Egyptians perished." Flavius Josephus, *Antiquities of the Jews*, tr. William Whiston (Philadelphia: The John C. Winston Co.), bk. II, chap. XIV, para. 4.

6. G. Ernest Wright, *Biblical Archaeology* (Philadelphia: The Westminster Press, 1957), p. 54.

7. T. Eric Peet, *Egypt and the Old Testament* (London, 1924), pp. 105, 106. One sees little indication that these early views have been relinquished.

*Bible Critics Soften; Conservative Bible Scholars Become Complacent*

There has been a continued and lingering expectation on the part of conservative Bible scholars that eventually this setting of the Exodus would be vindicated and the scriptural accounts confirmed. One evident reason has been the fact that during this time when the discrepancies with Scripture were increasing in number and magnitude, there have also been developments pointing to a vindication of certain teachings of Scripture. The antiquity of historic Egypt had been shortened by some 3,000 years, thus more nearly approaching the deductions from the biblical figures. The very existence of the Hittites had been denied by the higher criticism because archaeology had found no evidence for such a people. The later discovery of the Hittite civilization in Anatolia confirmed Scripture on the repeated reference to this people. The discovery of the Dead Sea Scrolls indicated that the variations introduced in the copying of Scripture were neither so numerous nor so significant as had been pictured by the skeptics. These developments seemed to point in the direction of an ultimately exonerated Scripture.

But during this same time, discrepancies between Scripture and the discoveries of archaeology were increasing also. Bible scholars had tended to depreciate the significance of these developments while the skeptics were becoming more and more bold in their claims of repeated errors and inaccuracies in the Old Testament writings.

Another factor that has kept alive this hope and expectation of ultimate vindication of Scripture has been the simple fact that there has been no alternate to turn to. The 19th dynasty setting of the Exodus had been abandoned because of obvious discrepancies, most of which are the same as those giving rise to problems in the 18th dynasty placement, with still others to be added. Nothing was to be gained by reverting to this theory.

*A Warning Against Complacency*

In recognition of the growing difficulties involved in demonstrating harmony between archaeology and Scripture, Nic. H. Ridderbos advanced a signal warning against complacency in dealing with these problems. In his chapter in the compilation by Carl F. H. Henry, dealing with this softening on the part of Bible critics, the increasing difficulty in which the fundamentalist Christian scholar is finding himself is clearly portrayed:

Writers like Noth and von Rad are not extreme critics whose views we can ignore; they are well qualified Old Testament scholars wielding great influence. . . . On the other hand, their views do not reign unchallenged. With what we may perhaps call "a winning American optimism," Albright proclaims insistently that the latest discoveries strikingly confirm the Israelite traditions. He certainly ascribes much

more to the trustworthiness of the Old Testament materials than do Noth and von Rad. But this does not mean that Albright warns simply against the dangers of hypercriticism; he warns also against an over-reliance on tradition. . . . Nevertheless, the instances in which according to Albright, the Old Testament is historically untrustworthy, are not few.

The complicated questions that are posed for us by Israel's exodus from Egypt and entrance into Canaan are dealt with, for example, in the book *From Joseph to Joshua*, by H. H. Rowley, which appeared in 1950. This volume demonstrates that even a moderate critic such as Rowley regards considerable Old Testament data as untrustworthy. Reading this book will also confirm the impression of the difficulty of harmonizing all the data of the Old Testament and the results of recent excavations.

. . . . .  
In these matters also we must be careful not to overestimate the significance of the reversals since the turn of the century.

. . . . .  
Is the position of orthodox Old Testament scholarship easier than it was half a century ago? This question cannot be met by a direct answer. . . . Yet the orthodox Old Testament scholar still finds himself in as much of an isolated position at the end of the nineteenth century. In all likelihood we must say that he finds himself more isolated than ever before.<sup>8</sup>

### *Why a Chronological Reconstruction Is Needed*

The growing magnitude of the problem of demonstrating harmony between Scripture and archaeology became apparent to me some twenty years ago. I initiated an investigation with the aim of determining for myself, as a scholar as well as a Christian, whether these increasing claims of error in Scripture were valid. *If the traditional chronology of antiquity has any resemblance to being correct, there is no rational escape from these claims.*

Such harmony will never be attained until the errors in setting up this chronological structure have been corrected. It would be highly desirable to be able to believe conscientiously that this long-sought harmony can be attained short of such an extreme measure. It can only be stated, as a scholar, that the explanations offered to account for these discrepancies are altogether inadequate for meeting the total problem. Defenders of Scripture *have been over-enthusiastic*, as Albright has warned,<sup>9</sup> in seeing confirmation of certain statements in Scripture from archeological evidence

8. Nic. H. Ridderbos, "Reversals of Old Testament Criticism," in Carl F. H. Henry, *Revelation and the Bible* (Grand Rapids: Baker Book House, 1958), pp. 345-349.

9. See quotation of reference in note 8.

that does not require the interpretation placed on the evidence. This is only wishful thinking in action.

The use of evidence that lacks the *unique* qualities necessary for specific biblical-archaeological correlations, without unequivocal evidence to confirm the unique incidents of Scripture that could be expected to be revealed archaeologically, is but a candid admission that the evidence is not there. That is, evidence is not at the locations expected from the traditional dating of the archaeological levels in Palestine. The ultimate question is whether or not such evidence exists otherwise. If it does, we are pointed unmistakably to a grossly erroneous chronology of antiquity as the basis for these presumed discrepancies with Scripture. The incidents of Scripture are then being set against faulty backgrounds; the discrepancies are then pointed to as errors in Scripture. The aim of this treatise is to demonstrate that this is the case.

### *The Task Undertaken*

The undertaking of the task of providing an altered chronology of antiquity that meets the demands of the facts, yet which is based on the rules of logic and of the scientific method, was not an inviting one. It was going to be necessary to show that any proposed revision did not violate any established synchronism between the peoples of antiquity, and there were many hundreds of them to be considered. The revision must not introduce any new problems of significance, though there might remain problems which could not be settled because of inadequate available information. It must be shown *why* the dating methods used to arrive at this traditional structure are either invalid or insufficiently accurate to distinguish between the traditional structure and the proposed reconstruction. It should eliminate all basis for these claims of error in Scripture. It must be shown that the revision provides the proper background for all of the *unique* incidents of Scripture that could be expected to be revealed archaeologically. There is every right also to expect that there will be coincident solutions to many other problems of archaeology which are not particularly related to Scripture. It meant taking a position in opposition to all of the scholars in this field over the last century—not only the skeptics but also the highly intelligent Bible scholars. The claim by scholars that certain dates in this conventional structure have been fixed astronomically did not make the undertaking any more inviting. In short, the undertaking, from all appearances, was hopeless—except for one factor. If Scripture is what it claims to be, there was available, as a constant check, one infallible source that had been rejected by those who had developed the currently accepted structure.

The project took sixteen years. Since publication of the results in

1972, under the title *The Exodus Problem and Its Ramifications*,<sup>10</sup> still further supporting evidence has come to light, some of a most surprising nature.

The remainder of this article is given to (1) a summary of this reconstruction, (2) supporting evidence for the critical alterations made, (3) references to some of the major errors made in setting up the traditional structure, and (4) a review of some of the major contributions provided by the solution. The number of such solutions is well over one hundred. It is not feasible to note more than a selection of the more significant examples.

### *An Outline of the Reconstruction*

The fundamental error that was made in setting up the conventional chronology of Egypt reaches back to the infancy of archaeology as a discipline. In this era, when Egyptologists had little more data than the king lists provided by the transcribers of Manetho, it was *assumed* that these dynasties *must* be recognized as having *ruled in sequence* without exception.<sup>11</sup> Later discoveries forced a recognition of exceptions. The two Hyksos dynasties, XV and XVI (1688–1580 B.C.; revised chronology, 1445–1028 B.C.) are now generally recognized as having ruled in parallel. Dynasty XIV (dates uncertain but within the Hyksos period) ruled locally also within the Hyksos period. Late Dynasty XIII (1778–1678 B.C.; revised chronology, c. 1692–?) is currently recognized as having continued to rule for an indefinite period after the Hyksos conquest dated 1678 B.C. A parallel line of rulers is also recognized for the period following Amenhotep III of Dynasty XVIII—one through Akhnaton, his son, and the other through Achencheres, his daughter.<sup>12</sup>

With the necessity for recognizing these and other exceptions, this premise of an invariable sequence is negated, leaving open the possibility, and even the probability, that still other exceptions remain unrecognized. The proposed reconstruction rejects this concept of a necessary sequence *except* in cases where there is unequivocal and independent evidence *for* such a sequence. By the reconstruction, the total elapsed time between Mena and the fall of Egypt to the Persians in 525 B.C. is spanned, with

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10. Donovan A. Courville, *The Exodus Problem and Its Ramifications* (Box 993, Loma Linda, CA: Crest Challenge Books, 1972), subsequently referred to as Courville, *op. cit.*

11. W. M. Flinders Petrie, *A History of Egypt* (London, 1912), I, addenda, p. xxx.

12. The transcribers of Manetho give the line through the *daughter* of Amenemhet III. It is believed that there was a long continued hatred of the son Akhnaton, because of his introduction of a heretic religion and that the omission of the line through Akhnaton is deliberate.

Table I

## EGYPTIAN CHRONOLOGY

## Traditional

| Dynasties<br>by number | Dates and Notes  |
|------------------------|--|
| I                      | There are no dates of general agreement. Dates are assigned by individual scholars as each sees best. Some continue to recognize beginnings from 3400 B.C., others from 2850–2800 B.C. The period for the first eleven dynasties ends with the year 1991 B.C., regarded as astronomically fixed. |
| XI                     |  |
| XII                    | 1991–1788  |
| XIII                   | 1788–1688  |
| XV with<br>XVI + XIV   | 1688–1588 XV and XVI are Hyksos dynasties. XIV is a native line under the Hyksos.  |
| XVII                   | 1588–?   |
| XVIII                  | 1580–1350  |
| XIX                    | 1350–1200  |
| XX                     | 1200–1090  |
| XXI                    | 1090–950   |
| XXII                   | 950–750  |
| XXIII                  | 750–718  |
| XXIV                   | 718–712  |
| XXV                    | 712–663  |
| XXV                    | 663–525  |



**Table I**  
**EGYPTIAN CHRONOLOGY**  
**Reconstruction**

| <b>Dynasties<br/>by number</b> | <b>Dates and Notes</b>   |
|--------------------------------|--|
| I                              | c. 2125–1880 III is parallel to late I starting about one century later than I.  |
| IV                             | c. 1880–1780 First half of II is parallel with IV.   |
| V                              | c. 1780–1640 Last half of II is parallel with V.   |
| XII                            | 1692–1480 II and V extend briefly into the era of XII. VI is parallel with XII but starts about 75 years later and extends about 75 years past the end of XII. XIII is composed of subrulers and officials under XII.  |
| XVI                            | 1445–1028 XVI is Hyksos, ruling parallel with XV, also Hyksos. XIV, VII to X were local dynasties ruling by permission of the Hyksos. XVII was composed of the kings during the war of liberation.   |
| XVIII                          | 1028–700 The dates are for the recomposed XVIII. XIX is but a brief offshoot from XVIII dated 840–790 B.C., XXIII is a line of usurper kings ruling locally, 776–730 B.C. XX overlaps late XVIII as recomposed and was fragmented after the rule of Rameses III.                                 |
| XXI                            | 710–? The fragmented rule of XX was in competition with XXI, composed itself of a dual line of kings, the line of High Priests ruling from Thebes, the other at Tanis. Dynasty XXI soon took over the fragments of XX. XXII was Assyrian and competed for control with XXIV, XXV and early XXVI. |
| XXVI                           | 663–525 XXIII to XXVI retain the dates as traditionally held.  |

but minor exceptions, by the dynasties listed by dates in the right half of Table I. The manner in which the other dynasties find their places parallel to these eight dynasties is noted in the accompanying notes of this table.

### *Major Mistakes in Developing the Traditional Chronology*

The earliest mistake may be recognized as the acceptance of the evaluation of Scripture as proposed by the higher criticism. By this evaluation, much of the Pentateuch was not reduced to writing until the post-exilic period in the early fifth century B.C. The contained accounts are presumed to have been passed on orally in poetic or semipoetic form over the interim between occurrence and reduction to writing. During this period of telling and retelling, additions, subtractions, and modifications are assumed to have been made to such a degree that there remained no demand that any specific statement be regarded as necessarily dependable historically. This opened the door for rejection of the miraculous and of any other unsavory detail which did not fit into the developing chronology. Thus, the most valuable source for providing correct interpretations of the obscure archaeological observations was lost to archaeology in its infancy.

To this irreparable loss, was added the acceptance of the premise of the invariable sequence of the dynasties as noted above. The factor demanding such a premise was the necessity for providing maximum time to allow for the evolutionary development of man's intelligence to that observed at the beginning of the pyramid age of the fourth dynasty (date uncertain; revised chronology, c. 1880–1780 B.C.). A severe blow was given to this premise with the necessary abbreviations of the antiquity of dynastic Egypt as noted previously. However, the premise survived by avoiding assignment of definite dates to either the beginning of the period or to any of the specific dynasties prior to Dynasty XII (see note in Table I).

There had been developing in the meantime the basis for an additional mistake which was to fix the chronological structure beyond further possibility of significant modification. No matter how severe were the anachronisms (synchronistic failures), the incongruities or enigmas that were to result, the structure *must* be maintained and the difficulties explained as best could be done. The culprit this time was the so-called sothic dating method.<sup>13</sup>

To complete the confusion beyond any possible recognition of need for reconstruction, a severe error was made in the modern reconstitution of Manetho's Dynasties XVIII and XIX. That there was a degree of confusion at this point on the part of Manetho's transcribers seems obvious. When modern scholars were unable to recognize the basis for this con-

13. The method is noted briefly in subsequent sections. A more complete discussion appears in Courville, *op. cit.*, II, chap. IV.

fusion, it was elected to reconstitute these dynasties in terms of the demands of the monumental inscriptions.

The difficulty lay in the fact that the names of Rameses II and his successor Merneptah had been included (evidently in error) in both Dynasties XVIII and XIX.<sup>14</sup> In the reconstitution, these two names were deleted from Dynasty XVIII and left in Dynasty XIX. The credit for founding Dynasty XIX was shifted from Seti, as given by Manetho, to Harmhab. These moves seemed innocent enough and the gross errors introduced by the alterations seem not to have been recognized to the present day. What should have been done was to remove these names from Dynasty XIX and leave them in Dynasty XVIII. Such a move would have made it obvious that what was left of Dynasty XIX was but a brief offshoot from XVIII at about the time of the redivision of rule between the son and daughter of Amenhotep III. Dynasty XIX ruled locally in the Delta region, coming to its end a full century before the end of Dynasty XVIII.

As a result of the unwarranted reconstitution, a critical synchronism was assigned to the era following Merneptah which actually belongs a century earlier.<sup>15</sup> This in turn was one factor in deducing an erroneous chronology of Greece and in turn confusing the chronologies of other areas which had imported a characteristic Greek pottery, datable to this misdated era.<sup>16</sup> It is the correction of this error that provides the basis for the reconstruction of the late Egyptian dynasties as shown in Table I.

### *The Reconstruction Provides Solutions, Not Problems*

The ultimate weight of the evidence supporting the reconstruction rests on the fact that numerous problems are provided solutions by it without introducing any new problems of significance. Well over one hundred such have been noted in the author's more complete treatise. Many of these are problems quite unrelated to Scripture, thus meeting this specific

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14. The names occur in Dynasty XVIII of Manetho as "Rameses, also called Aegyptus," and "Ammenophis," the first being recognized by his long reign of 67 years, the latter as his successor. In Dynasty XIX, the names appear as Rapsaces and Ammenophthis.

15. This error resulted from regarding the Thuoris of late Dynasty XIX as the same person as Tausert (by similarity of name), who is one of four "antikings" following Merneptah. This error was inexcusable, since Thuoris is identified as *husband* of Alcandra, while Tausert was *sister* to Siptah. To gloss over the error, it has more recently been proposed that the identification is with the brother of Tausert, though even the similarity of the names is lost in the shift.

16. This is the so-called Mycenaean pottery, widely exported into many of the surrounding areas. Between this error, and the assumed, but unwarranted, 300-year gap in Greek history, dating by correlation with this pottery type has led to confusion.

demand on a reconstruction.<sup>17</sup> It is, of course, out of the question to review any large fraction of these in this brief summary. Selections will be noted from both areas, hopefully in sufficient number and significance to lead the reader to a complete confidence in the general correctness of the reconstruction. That minor modifications may be required with continued investigations must always be recognized. Primary attention will be given to scriptural problems (1) related to the Exodus, (2) related to the conquest under Joshua, and (3) related to the era from Joseph to the Exodus. Others will be referred to by reference to the author's more complete work. An outline of the manner in which the major incidents and eras of biblical history are placed by the traditional and reconstructed chronologies as provided in Table II. Frequent reference to this table will be helpful in following the subsequent discussions.

### *Another Look at the Exodus Problem*

By the reconstruction, the Exodus incident is set at the point of the Hyksos invasion of Egypt. This setting explains the enigmatic statement of Josephus<sup>18</sup> to the effect that the Hyksos were able to take over Egypt without a battle. Egypt had been beaten to her knees by the disasters resulting from the plagues. The slaves were gone, the army was gone, the king was gone, and there was not even an heir apparent to take over the control. The population had been decimated to perhaps half. The cattle were gone, the season's crops were gone, much of the wealth of Egypt was gone. It was only necessary for the Hyksos to move in and take over.

This invasion was in line with the recognized sequence of events expected to follow any situation of weakness in Egypt. The desert tribes lurked on the fringes of civilization, ever ready to take advantage of the first indication of weakness in the government. Thus is explained the incongruity in the current views which place the incident at points where there is no indication of this sort of crisis and no indication of invasion, or even of the expected loss of the empire. It is also explained how the Israelites could leave Egypt with any reasonable hope of finding a new home in Palestine, which territory was controlled to a degree, and at least periodically thereafter, by the Egyptians.<sup>19</sup>

There is thus no need to qualify the number of escaping Israelites from the biblical figure of 600,000 adult males, besides women and children,

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17. Courville, *op. cit.*, I, 102, provides a statement of recognition of this and other demands on the proposed reconstruction.

18. Flavius Josephus, *Against Apion* (see note 5), bk. I, para. 14.

19. Peet, *op. cit.*, p. 121.

Table II

**Correlation of Scriptural Incidents with Egyptian History by the  
Traditional and Reconstructed Chronologies**

| <b>Incident<br/>or era</b>  | <b>Traditional Background<br/>or Date</b>  | <b>Reconstruction Background<br/>or Date</b>  |
|-----------------------------|--|---|
| Noachian Flod               | Not recognized as factual. The proper background for the immediate post-diluvian period is the Mesolithic period, dated c. 10,000 B.C. or earlier.                   | The Mesolithic background for the immediate post-diluvian period is accepted. Date c. 2300 B.C.   |
| Dispersion from Babel       | If recognized at all, the incident is set far back in the pre-dynastic.  | Dated 27 years before the unification of Egypt under Mena. Date, c. 2125 B.C.   |
| Abraham enters Canaan       | Commonly set in early Dynasty XII dated c. 1900 B.C. Earlier dates are entertained.  | Dated very soon after the beginning of Dynasty IV; 1875 B.C.  |
| Famine of Joseph            | No famine inscription datable to the era of Joseph as placed in the Hyksos period.   | Equated with the famine inscription in the reign of Sesostri I of twelfth dynasty. Dated 1600 B.C.  |
| Enslavement of Israel       | Eighteenth dynasty theory of Exodus must recognize an early king of this dynasty as the pharaoh initiating the enslavement. This would be Amenhotep I or Thutmose I. | Enslavement initiated by Sesostri III of Dynasty XII. Date, c. 1560 B.C.  |
| The Exodus                  | Eighteenth dynasty theory must recognize the position either at the end of the reign of Thutmose III or early in the reign of Amenhotep II Date c. 1445 B.C.         | The reconstruction places the Exodus at the end of the five-year reign of Koncharis, second primary ruler of Dynasty XIII, but 26th in the Turin list. Date is 1446-1445 B.C. |
| Period of the Judges        | Encompasses the period of Dynasty XVIII from Amenhotep III, all of XIX as currently composed, and the first half of XX. Dates: 1375-1050.                            | Falls in the Hyksos period, c. 1375-1050 B.C.   |
| United Monarchy of Israel   | Background is in Dynasties XX and XXI. Dates, 1050-930 B.C.  | Background is in early Dynasty XVIII ending near the beginning of the sole reign of Thutmose III. Dates, 1050-930 B.C.  |
| Sacking of Solomon's Temple | Shishak identified as Sheshok I of Dynasty XXII. Date is 926 B.C. in fifth year of Rehoboam.   | Shishak identified as Thutmose III of Dynasty XVIII. Date 926 B.C.  |
| Fall of Israel to Assyria   | Must be placed in the background of Dynasty XXIII to retain the established date 722-721 B.C.  | Falls in the fifth year of Merneptah dated 721 B.C. Synchronism indicated by inscription of this year telling of catastrophe to Israel.                                       |
| Fall of Judah to Babylon    | In Dynasty XXVI. Date c. 606 B.C.  | In Dynasty XXV. Date c. 606 B.C.  |

to a few thousand.<sup>20</sup> There is no need to question the census figures, twice taken during the following forty years. There is no need to assume a split Exodus such as Kathleen Kenyon and others have been driven to believe. She wrote: "It is, however, generally accepted by scholars that the Old Testament account is a conflation of different ancient sources. A theory that has gained acceptance from a number of scholars is that there is evidence in the biblical account that not all the tribes which make up the subsequent Israelite nation took part in the Exodus. This school of thought holds that the religious significance of the Exodus was such that in the course of time all the tribes came to believe that their ancestors took part in it. Such a theory has many attractions, particularly since it goes far to reconciling the biblical account with other historical records and with archaeological evidence."<sup>21</sup> The acceptance of such a theory leads to a necessary abandonment as historical of a large fraction of the materials in the five books of Moses.

The explanations offered, which would make the pharaoh a very stupid individual or a coward are revealed for what they are: mere ruses to avoid the clear implications of the clear statements of Scripture. These pharaohs were not cowards,<sup>22</sup> and they were not stupid; obstinate, yes, but not stupid. The Exodus pharaoh was thoroughly convinced that these plagues were beyond any powers possessed by his gods or by his magicians (Ex. 8:18, 19, 9:21). The entire experience was pre-ordained to be a "judgment" on Egypt (Gen. 15:14), for the cruel manner in which they had treated the descendants of the one who had earlier saved them from catastrophe in time of famine. The experience was also designed to be a demonstration of the incomparable superiority of the God of the Israelites over the gods of Egypt (Ex. 12:12; Num. 33:4), not only to Egypt but to all surrounding peoples. It is evident that reports of the Exodus had reached the ears of these neighboring peoples before the conquest. The peoples of Jericho were demoralized by the reports of the approaching Israelites (Josh. 2:9). To reduce the significance of the incident is to lose the force of the entire story, beginning back in the time of Abraham.

Neither can it be argued with reason that the apparent silence of the Egyptian inscriptions relative to the incident provides a basis for such modification of Scripture. Velikovsky, who also recognized this setting of the Exodus,<sup>23</sup> calls attention to two inscriptions describing crisis in Egypt of an unprecedented magnitude. One of these (the Ipuwer papy-

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20. Wright, *op. cit.*, p. 67.

21. Kathleen M. Kenyon, *Archaeology in the Holy Land* (London, 1960), p. 208.

22. See quotation of reference in note 8.

23. Immanuel Velikovsky, *Ages in Chaos* (Garden City: Doubleday & Co., 1955), pp. 5ff.

rus inscription) has been dated, on the basis of its form and content, to the dark period following the end of Dynasty VI (dates uncertain; revised chronology, c. 1620–1400 B.C.) By the reconstruction, this is the era of the Exodus. The inscription makes mention of plague in general and to situations reflecting the plague of waters turned to blood, the plague on the cattle, the destruction of the vegetation, and of widespread death to the Egyptians.

The Ermitage papyrus refers also to such a dire crisis. Velikovsky cites excerpts from this document, some of which are here reproduced: "The land is utterly perished and nought remains. . . . The sun is veiled by clouds. . . . The river is dry [even the river] of Egypt. Bedouins pervade the land. . . . The beasts of the desert shall drink from the rivers of Egypt. . . . I show thee the land upside down, happened that which never had happened. . . . Men laugh with the laughter of pain. None there is who weepeth because of death. . . ." <sup>24</sup> This situation would seem to apply to the situation in Egypt after the Exodus and at the time when the Hyksos had taken over.

Josephus points out that on the morning following the Red Sea debacle, the Israelites were able to recover weapons from the bodies of the Egyptians washed ashore. <sup>25</sup> These would be warriors without armor which would otherwise have left them at the bottom of the sea. Thus is explained how the Israelites, as unarmed on leaving Egypt, possessed weapons at the time of the conquest.

### *The Conquest Under Joshua*

The point of the conquest under Joshua in Egyptian history cannot be determined from any evidence of Egyptian origin. There is no ultimate reason for supposing that this conquest should be reflected in the history of Egypt. This is even more certain in this case since the point is forty years into the Hyksos period, an era from which not a single inscription has come down to us. This point can be defined *only* in terms of the appearance of the expected evidence in Palestine as observed archaeologically. This expected evidence would include a widespread destruction of cities, but even more nearly unique, <sup>26</sup> there should appear unmistakable evidence of a total change in culture (pottery forms) which continued in use, with traceable variations for the period of the next 800 years.

This evidence should appear at some point archaeologically between

24. *Ibid.*, p. 45.

25. Josephus, *op. cit.*, bk. II, chap. XVI, para. 6

26. This principle of archaeological interpretation is clearly stated by Leonard Woolley, *Digging Up the Past* (Baltimore: Penguin Books, 1937), p. 75.

1400 and 1250 B.C. The observation of the expected evidence, datable more closely within the period, would support one or the other of the two popular settings for the Exodus. But no such break in culture was found to exist *at any point* between these dates as defined by the traditional chronology. By the current views, these dates encompass the entire period from Thutmose III to Rameses II.

The failure to find such evidence led R. A. Macalister to propose that the invading Hebrews had no culture of their own. He commented: "It is no exaggeration to say that throughout these long centuries the native inhabitants of Palestine do not appear to have made a single contribution of any kind whatsoever to material civilization. It was perhaps the most unprogressive country on the face of the earth. Its entire culture was derivative."<sup>27</sup> He commented in another connection: "As a result of the Israelite settlement in Canaan, the civilization of the country, such as it was, was effaced and had to be painfully built again with the help of the cultured Philistines."<sup>28</sup> By the reconstruction, what Macalister was looking at as the basis for these comments was the decline in culture in Palestine during the times of the Assyrian and Babylonian conquests, when the intellectuals and the more cultured were removed from the land, leaving the poor and the lower class to cope with the results of the disaster (II Kings 17:23, 24; Jer. 52). Kathleen Kenyon echoed this picture by noting that there "is no complete break [in culture] within the period [1400–1200 B.C.]."<sup>29</sup> Evidence of destruction could be observed throughout the period but it did not "tell a coherent story."<sup>30</sup>

As with the Exodus, there is only one point in the archaeology of Palestine which reveals such a complete cultural break. This is at the end of the so-called Early Bronze Age. This is the era represented by the fallen walls at Jericho, which were universally recognized as those of the Joshua story, that is, until it was found that these walls belonged back in the 21st century in Early Bronze.<sup>31</sup> This is also the era of the rock pile representing the final end of the walled city at Ai, also destroyed at the time of Joshua.<sup>32</sup>

This designation of Early Bronze need have no pertinence to the present discussion beyond a recognition that the end of the period can be roughly correlated with the end of Dynasty VI in Egypt.<sup>33</sup> This point is marked in Palestine archaeology by widespread destruction in Palestine

27. R. A. S. Macalister, *A Century of Excavation in Palestine* (London, 1925), p. 210.

28. *Ibid.*, p. 164.

30. *Ibid.*

29. Kenyon, *op. cit.*, p. 209.

31. Wright, *op. cit.*, p. 67; Courville, *op. cit.*, I, 68.

32. Courville, *op. cit.*, I, 72.

33. *Ibid.*, pp. 78ff., gives further material on the significance of the archaeological ages.



followed by a complete change of culture. Kathleen Kenyon commented on the situation at this point in a manner reflecting clearly the background of the conquest.

The final end of the Early Bronze Age civilization came with catastrophic completeness. The last of the Early Bronze Age walls of Jericho was built in a great hurry, using old and broken bricks and was probably not completed when it was destroyed by fire. Little or none of the town inside the walls has survived subsequent denudation, but it was probably completely destroyed for all the finds show that there was an absolute break, and that a new people took the place of the earlier inhabitants. Every town in Palestine that has so far been investigated shows the same break. . . . All traces of the Early Bronze Age civilization disappeared."<sup>34</sup>

The subsequent period of Middle Bronze was characterized by a series of destructions, but after each the same culture reappeared, indicating that there is no other point in the archaeology of Palestine subsequent to the end of Early Bronze which reveals this expected break. Furthermore, this new people occupied the same territory as that held by the Israelites, and the culture continued for the expected period of time. Miss Kenyon commented further: "Moreover, the culture now introduced into Palestine was to have a very long life. In spite of the fact that a series of events took place of major political importance, there is no cultural break until at least 1200 B.C. [reconstruction date, c. 750–700 B.C.]. . . . Archaeology can show a recognizable progression of artifacts such as pottery, and can show that towns suffered a succession of destructions, but after these destructions, the old culture was re-established."<sup>35</sup>

The identification of this new people as the Israelites is confirmed by the fact that at no other time than during the Israelite occupation was this territory occupied by a single culture (Josh. 3:10). Miss Kenyon notes further that these people had a tribal organization,<sup>36</sup> as indicated by a variety of burial customs, and that they were a numerous people. William F. Albright noted that the weapons of early Middle Bronze showed an Egyptian influence.<sup>37</sup> This is to be expected if the Israelites obtained many of their weapons from the dead Egyptians at the Red Sea debacle, as stated by Josephus.

With the necessary redating of the fallen walls at Jericho, with the dating of the final end of the walled city at Ai back in Early Bronze, and

34. Kenyon, *op. cit.*, p. 134. This conquest is attributed by Miss Kenyon to the Amorites.

35. *Ibid.*, p. 162.

36. *Ibid.*, pp. 141, 143.

37. William F. Albright, *The Archaeology of Palestine* (Baltimore: Penguin Books, 1961), p. 87.

with the runs of the city of Pi-Rameses in Egypt providing not a hint of occupation by an eighteenth dynasty king,<sup>38</sup> the eighteenth dynasty setting of the Exodus was in increasingly deep difficulty. Conservative Bible scholars were ready to grasp at any evidence that would provide a basis for retention of this placement of the Exodus. Such evidence seemed to be offered in the library of correspondence found at Tell el Amarna in Egypt and known as the Amarna Letters. These letters constituted correspondence between Aimenhotep III and Amenhotep IV (Akhnaton) with certain personages in western Asia, mostly from the territory to the north of Palestine. These letters contained references to a people called the 'apiru or Habiru who were involved in political difficulties in this territory. Attempts were made to interpret these letters as providing the Canaanite version of the conquest under Joshua, the Habiru being identified with the invading Hebrews.

While some few scholars seem to be desperately clinging to this interpretation of the letters,<sup>39</sup> most have bowed to the overwhelming evidence that the Habiru of the letters were not an ethnic people and hence could not be the Hebrews. The political difficulties are, for the most part, in the territory to the north of Palestine which was never involved in the Israelite conquest. The difficulties are of local concern and certainly no invasion is involved. The Habiru-Hebrew equation was dealt a death blow with the discovery of one inscription containing the term Habiru but also containing reference to the Hebrews, but by a spelling notably different from that for the Habiru.

By the revision, the letters belong to a much later period than the time of the Conquest, and under no circumstance is it feasible to use these letters as support for the conquest under Joshua in the fourteenth century B.C. A discussion of the fallacies in the bases used for such an interpretation cannot be undertaken in this treatise.<sup>40</sup>

#### *From Joseph to the Exodus*

Neither of the popular placements of the Exodus can refer to an inscription of famine at a point properly related chronologically to the Exodus placement. If there were no such references to a famine which meet the unique details of Scripture for the famine of Joseph, one might presume that such records were not made, or if made, they have not survived. With two such inscriptions being extant, such a supposition has little merit. The famine inscription from the reign of Sesostriis I, of early Dynasty XII, not only meets the biblical details for the famine of Joseph,

38. Wright, *op. cit.*, p. 60.

39. Personal communication.

40. Courville, *op. cit.*, II, 314ff.

but has been shown to fall chronologically at a date properly related to the Exodus placed at the point of the Hyksos invasion.

An identification of this famine inscription with that of Joseph's time *was* recognized many years ago by Henry Brugsch-Bey.<sup>41</sup> The identification had to be rejected because it could not be made to agree with the era of Joseph as then assigned. Brugsch attempted to correlate the second of these famine inscriptions, which met the details of Scripture, with the era of Joseph.<sup>42</sup> This was the inscription found in the tomb of Bebi. Brugsch dated the tomb in the eighteenth dynasty to meet this chronological demand. It was later shown by Jacques Vandier<sup>43</sup> that this dating of the tomb was in error. The tomb belonged to the thirteenth dynasty era. (By my reconstruction, Dynasty XIII follows Dynasty II. The name Bebi occurs at the juncture of the names of the kings of Dynasties II and III in the king list of Sakharah as an alternate name for Zazay in the Abydos list.<sup>44</sup>)

Since neither list gives the kings by dynasties, the name could belong to either late Dynasty II or early Dynasty III, the latter being commonly accepted. It is here contended that the name belongs at the end of Dynasty II which immediately precedes Dynasty XIII, the era assigned to the tomb of Bebi by Jacques Vandier. Thus, both these famine inscriptions, which meet the details of Scripture, should be recognized as the same famine as that of Joseph's time. It develops further that the famine in the reign of Unas of late Dynasty V<sup>45</sup> belongs to this same position though the inscription gives no specific details. A reference to famine also is extant from the reign of Ibbsi-Sin of the third dynasty at Ur in Chaldea, which by the reconstruction falls in this same position.<sup>46</sup> It appears that this famine not only involved the areas of Egypt and of Palestine, but extended into the valleys of the Euphrates and the Tigris Rivers. This was no ordinary famine.

The reconstruction recognizes the name Yufni, of the early Turin list<sup>47</sup> of the thirteenth dynasty, as an Egyptianized form of the name Joseph. The position of the name in the list permits a chronological correlation with the reign of Sesostri I of the famine inscription. James Henry Breasted was intrigued with the appearance of this name in the list since it was clearly not in the royal form. He commented: "The succession may have lasted during four reigns when it was suddenly interrupted, and the

41. Henry Brugsch-Bey, *A History of Egypt* (London, 1881), I, 304-305.

42. *Ibid.*

43. Jacques Vandier, *La Famine Dans L'Egypte Ancienne* (Cairo, 1936), p. 18.

44. Petrie, *op. cit.*, I, 23.

45. Courville, *op. cit.*, I, 203.

46. *Ibid.*, II, 314.

47. *Ibid.*, I, 153ff.

list of Turin records as the fifth king one Yufni, a name which does not display the royal form showing that at this point the usurper had again triumphed."<sup>48</sup> Such a conclusion seemed logical, starting with the premise that these numerous names of the Turin list were full kings of Egypt. When it is recognized that they were only important officials or rulers of local areas, the name is susceptible to another interpretation. Yufni was a foreigner who had *earned* a position as one of the important officials of the king. With the name standing opposite that of Sesostri I chronologically, the identification with Joseph, reached by independent data, is confirmed.

A legend is extant to the effect that the foster father of Moses had the name Chenephres.<sup>49</sup> This name also occurs in the Turin list of Dynasty XIII. It was not possible to equate the name with the time of Moses by the developed chronology. By the reconstruction, such a correlation is reasonable, if we understand that these names do not represent a sequence of rulers, but rather *overlapping groups of officials* under a sequence of kings.<sup>50</sup> *This is the heart of my reconstruction thesis.*

A prominent official under Dynasty XIII records possession of an Asiatic female slave by a name transliterated as Shiprah,<sup>51</sup> quite the same name as that of one of the midwives at the time of Moses' birth (Ex. 1:15). Again, the name could not be thus identified, since the time was not correlatable with the era conventionally assigned to Moses. Another of the names in the Turin list is given as Mermesha. Mesh or Mesu is the Egyptian equivalent of the name of Moses,<sup>52</sup> and a possible correlation with Moses during his years of service in Egypt is not out of the question.

Modern maps of Egypt show a man-made canal running parallel with the Nile and bearing the name Canal of Joseph.<sup>53</sup> The populace regards this canal as the work of Joseph of Scripture, constructed as one means of increasing the productive land in Egypt in preparation for the coming famine. Such an origin must be rejected by scholars who would identify this Joseph as a Mohammedan of a later era. By the reconstruction, Dynasty XII, which provides a reference to the construction of such a canal, *is* the background for the era of Joseph. This reference is from the reign of Amenemhet III, a later king of the dynasty than Sesostri I.

48. Breasted, *op. cit.*, p. 211.

49. E. A. Wallis Budge, *Books on Egypt and Chaldea* (London, 1904), IX, 100.

50. On occasion, a recognition of some such interpretation has been voiced. Courville, *op. cit.*, I, 152.

51. Jack Finegan, *Light from the Ancient Past* (Princeton: Princeton University Press, 1959), pp. 93, 94.

52. E. A. Wallis Budge, *The Nile* (London, 1910), p. 16.

53. Courville, *op. cit.*, I, frontispiece.

This does not negate the identification. The reference may well be to repair or extension of a system begun at an earlier date.

Scripture does not provide identification of the factor which changed the attitude of the Egyptian kings to the descendants of Joseph. This gap is filled in by Egyptian sources. During the reign of Sesostri III, there was a radical change in the form of government. Egypt had been under a feudal form of government in which the authority was distributed among rulers of local areas called nomes, much as is now done among the governors of states in the United States. Sesostri III abolished these local governments by princes and took over the entire authority to himself. James Henry Breasted commented on the shift in a few succinct statements: "For thirty-eight years Sesostri III continued his vigorous rule of a kingdom which now embraced a thousand miles of the Nile Valley. He had succeeded in suppressing the feudal nobles; and their tombs, as at Beni-Hasan and Bersheh, now disappear."<sup>54</sup>

Joseph occupied a position as a prince of Egypt (Gen. 47:22, margin) and was evidently a local prince over Goshen as well as being second ruler to the king. With such a modification in the form of government, the Israelite descendants would have been stripped of their favored position and possessions along with the other princes. Having taken this step, it was but one further move of necessity to enslave the people, lest they rise in rebellion and join an invader (Ex. 1:10).

It was thus Sesostri III who enslaved Israel. Under the reign of this king and of his successor, Amenemhet III, an extensive building program in brick was carried out in the Delta region, providing the proper background for the period of oppression of Israel. James Henry Breasted commented:

All the Delta cities of all ages, as we have so often mentioned, have perished, and but little survives to testify to the activity of these kings there, but in the eastern part, especially at Tanis and Bubastis, massive remains still show the interest which the Twelfth Dynasty manifested in the Delta cities.

. . . . .

Amenemhet I followed their example [kings of dynasty XII] in the erection of his pyramid at Lisht; the core was of brick masonry. . . . The custom was continued by all the kings of the dynasty with one exception.<sup>55</sup>

Josephus states that the Israelites built pyramids for the Egyptians.<sup>56</sup> Yet pyramids were obsolete in the eighteenth dynasty, where the era of

54. Breasted, *op. cit.*, p. 189.

55. *Ibid.*, pp. 197, 198.

56. Josephus, *op. cit.*, bk. II, chap. IX, para. 1.

enslavement is conventionally placed. The building activity at Tanis, noted above, is of interest since this is the site commonly identified with the Pi-Rameses rebuilt by Rameses II. The mistake here has been in supposing that it was the rebuilt city by Rameses II,<sup>57</sup> rather than the original, that was built by the Israelites.

It was then the daughter of Amenemhet III who adopted Moses. It was under this king that Moses was trained as the future heir to the throne (Heb. 11:24-27). It was evidently this daughter of Amenemhet III who eventually took over the kingship after the flight of Moses and in the absence of any male heir. After a brief reign of four years, indicating her advanced age, she died, and the dynasty came to its end. The rule passed smoothly to one of the more powerful thirteenth dynasty princes. The Exodus occurred in the fifth year of the reign of the second of these kings, a king whose tomb has never been found.

#### *Solutions Provided to Other Problems Related to Scripture*

With the fixing of the events of the Exodus, the Conquest, and the Oppression in their proper backgrounds of Egyptian history, solutions to a number of other problems now follow by time relations, some in a most remarkable manner. The evidence for the incident of the dispersion from Babel (Gen. 11:1), of necessity now dated far back in the predynastic period, finds clear evidence of confirmation in the era just preceding the beginning of the dynastic period.<sup>58</sup> The date for the massive temple at Shechem, once regarded as certainly that of the "hold of the house of the god Berith" (Judges 9:46) of the Abimilech story, but later redated centuries earlier, is now restored to its proper background.<sup>59</sup>

Identifications of a number of pharaohs mentioned in Scripture, but not by identifiable names, may now be identified. These include So<sup>60</sup> (II Kings 17:4), Zerah<sup>61</sup> (II Chron. 14:9), the king who conquered the site of Gezer and gave it to Solomon as a dowry for his Egyptian wife<sup>62</sup> (I Kings 9:11), the pharaoh ruling at the time of Abraham's visit to Egypt<sup>63</sup> (Gen. 12:10), and the pharaoh who sacked Solomon's temple<sup>64</sup> (I Kings 14:25).

Among the names in the earliest Assyrian list may be recognized several

57. See note 38.

58. Courville, *op. cit.*, II, chap. VII.

59. *Ibid.*, II, chap. IX.

60. *Ibid.*, I, 296.

61. *Ibid.*, I, 263.

62. *Ibid.*, II, chap. XI.

63. Abraham entered Canaan 430 years before the giving of the law at Sinai (Gal. 3:16, 17). Dynasty III, by the reconstruction, ends c. 1880 B.C. Hence the ruling king was Khufu, builder of the great pyramid at Giza.

64. Courville, *op. cit.*, I, 258, 295.

found also in Genesis 25:1-3.<sup>65</sup> Thus is confirmed the beginnings of Assyria with Assur, great grandson of Abraham (Gen. 10:10, 11). The reference to Israel by Merneptah now falls exactly in line with the date 721 B.C.,<sup>66</sup> the established date for fall of Israel to the Assyrians. Thus is identified the catastrophe to Israel mentioned in this inscription.<sup>67</sup> The anomaly in the dating of the first appearance of the Philistines in Palestines (c. 1200 B.C.), in contradiction to Deuteronomy 2:23, is eliminated.<sup>68</sup> So also is eliminated the anomalous beginning of the Hittites in Anatolia in 1900 B.C. The Hittites of Anatolia should be related to the Hittites driven out of Palestine at the time of the Conquest and dated in the 14th century B.C. (Josh. 3:10).<sup>69</sup> The period from the Descent to the Exodus is now established at 215 years, not 430 years as some have supposed.<sup>70</sup>

### *Solutions to Problems Not Related to Scripture*

If it is true that the traditional chronology must be severely altered as proposed in this thesis, it can be presumed that there are many other unsolved problems of archaeology that would be provided simultaneous solutions by the same reconstruction.<sup>71</sup> That this is the case, provides the strongest sort of evidence for the general correctness of the alteration.

The gross incongruity in the length of the period between Dynasties XII and XVIII is eliminated.<sup>72</sup> Dynasty XXII (950-750 B.C.; revised chronology, c. 670-?), with its Assyrian names, now finds its place in the era when it is known that the Assyrians were in control of Egypt.<sup>73</sup> The wrong order of events in Egypt is corrected to agree with the order of the same events in Greek history.<sup>74</sup> The enigma in the dating of Homer in Greek history is provided a clear solution.<sup>75</sup> The incident marking the beginning of the 400-year anniversary inscription of Rameses II may now be unequivocally identified.<sup>76</sup> The Sothis king list, currently regarded as useless for chronological purposes, turns out to be the most exact of any of the lists, particularly for the era prior to the eighteenth dynasty.<sup>77</sup> The gaps in the histories of Greece<sup>78</sup> and the Hittites<sup>79</sup> are closed.

The method used by the ancients in expressing time between events is clarified.<sup>80</sup> The significance of the royal titles of Egyptian kings is elucidated.<sup>81</sup> The time squeeze for the "many years" of chaos mentioned in

65. *Ibid.*, II, 322ff.

66. *Ibid.*, I, 292.

67. *Ibid.*, I, 43.

68. *Ibid.*, II, chap. XIII.

69. *Ibid.*, I, 93, 95.

70. *Ibid.*, I, 138.

71. *Ibid.*, I, 102.

72. *Ibid.*, II, 68.

73. *Ibid.*, I, 314.

74. *Ibid.*, II, 274.

75. *Ibid.*, II, 277.

76. *Ibid.*, I, 293.

77. *Ibid.*, I, 165ff.

78. *Ibid.*, II, 272.

79. *Ibid.*, I, 175.

80. *Ibid.*, I, 295.

81. *Ibid.*, I, 157-158.

the Harris papyrus inscription is eliminated.<sup>82</sup> The usurpation of the power of Dynasty IV by the early kings of Dynasty V is shown to be a historical event.<sup>83</sup> The anachronism of the jar sealed by Amenehmet III of Dynasty XII, but which contained inscribed materials belonging to a later king of Dynasty XIII is now converted to a synchronism.<sup>84</sup> The enigma of Manetho's Dynasty XI is clarified.<sup>85</sup> The Sesostris of Herodotus may now be clearly identified, as well as others of his references to Egyptian kings.<sup>86</sup> The prehistoric graves in Egypt may now be identified as to their origin.<sup>87</sup> The enigma of the early Kassites now comes into proper focus.<sup>88</sup> The internal chronologies of the early Egyptian dynasties may now be attained.<sup>89</sup> The horrendous anachronism of the assumed Hyksos empire is demolished.<sup>90</sup>

The rationale behind the following statements by C. W. Ceram, as he viewed the insecure nature of the traditional structure of chronology, takes on a strange pertinence:

Anyone approaching the study of ancient history for the first time must be impressed by the positive way modern historians date events which took place thousands of years ago. In the course of further study, this wonder will if anything increase. For as we examine the sources of ancient history we see how scanty, inaccurate, or downright false, the records were even at the time they were first written. As poor as they originally were, they are poorer still as they have come down to us; half destroyed by the tooth of time or by the carelessness and rough usage of men.

As a matter of fact, the more we pursue our studies, the less are we impressed by the dates which initially filled us with respect. We begin to recognize the framework of chronological history for what it is—a purely hypothetical structure, and one which threatens to come apart at every seam. Crooked and tottering it gives us a picture of a strangely arbitrary history, while at the same time our instinct tells us that the ancient civilizations must have had some sort of reasonable and organic growth. When we reach this point in our studies, we begin to be doubtful of every single date.<sup>91</sup>

#### *On the Inadequacy of Dating Methods of Archaeology*

The so-called pottery-dating scheme was invented by Flinders Petrie early in this century and refined later by William F. Albright and his scholars. The method is based on the observation that as one digs down-

82. *Ibid.*, I, 291.

83. *Ibid.*, I, 189, 197ff.

84. *Ibid.*, I, 156.

85. *Ibid.*, I, chap. XV.

86. *Ibid.*, I, 297.

91. C. W. Ceram. *The Secret of the Hittites* (New York: Alfred A. Knopf, 1956), p. 133.

87. *Ibid.*, II, 163.

88. *Ibid.*, II, 306ff.

89. *Ibid.*, I, chaps. XI, XII.

90. *Ibid.*, I, 93-95; II, 107.



Table III

## The Chronologies of Other Peoples of Antiquity

|  | Traditional<br>Chronology                                |             | Reconstruction       |
|--|--|-------------|----------------------|
| <i>Assyria</i>   |  |             |                      |
| Early Assyria to Adasi   | c. 2100–1650 B.C.  |             | c. 1750–1350 B.C.    |
| Dynasty of Adasi   | c. 1650–600  | (unchanged) | c. 1650–600          |
| <i>Chaldea</i>   |  |             |                      |
| Dynastic period begins<br>about coincident with<br>that of Egypt | c. 2800  |             | c. 2100              |
| Early dynasties  | dates obscure  |             | dates obscure        |
| IIIrd dynasty at Ur  | c. 2500–2350   |             | c. 1800–1625         |
| Dynasty at Uruk  | c. 1660–1535   | (unchanged) | c. 1660–1535         |
| 1st dynasty at Babylon   | wide variation<br>of opinion.<br>c. 1840–1550<br>minimal |             | c. 1530–1230         |
| Kassite dynasty  | c. 1530–?  | (unchanged) | c. 1530–?            |
| <i>Hittites in Anatolia</i>                                      |  |             |                      |
| 1st King Annitas   | c. 1900  |             | c. 1500              |
|  | 160-year gap   |             | 125-year gap         |
| Hittite empire   | c. 1740–1500   |             | c. 1375–1110         |
| Hittite kingdom  | c. 1500–1190   |             | c. 1100–700          |
|  | 500-year gap   |             | no gap               |
| End of Hittites  | shortly after<br>700                                     | (unchanged) | shortly after<br>700 |
| <i>Greece</i>  |  |             |                      |
| Historic period begins   | c. 1500  |             | c. 950               |
| Fall of Troy   | c. 1180  |             | c. 790               |
| Dorian Invasion  | c. 1100  |             | c. 760               |
|  | 300-year gap   |             | no gap               |
| Homer's era  | 8th century  | (unchanged) | 8th century          |
| <i>Philistines</i>   |  |             |                      |
| First appearance in<br>Palestine                                 | c. 1200  |             | before 1875          |
| Late secular evidence<br>for Philistines                         | not recognized   |             | c. 1250–?            |

ward in a mound of ancient occupation, he meets a series of levels characterized by different pottery types or by a sequence of variations of the same type. Since it is obvious that the pottery in any given archaeological level is younger than that below it and older than the one above, it is theoretically possible to arrange these types and variations in the order of their historical use.

The method is incapable of providing more than *relative* dates except as absolute dates can be provided by independent means for the various types and varieties. This demand is presumed to have been met by finds in identifiable levels of items of foreign origin and datable to the reign of a specific king or of a specific dynasty. This assumption depends, of

course, in turn on the security of the chronologies of these foreign areas. As demonstrated in this thesis, this latter assumption is not valid.<sup>92</sup> Hence all dates provided for mound levels on the basis of these index types are in error until one reaches a point where inscriptional evidence is available for absolute dating.

As for the Carbon-14 dating method,<sup>93</sup> one wonders how long it will be before intelligent scholars are willing to recognize that this method is not capable of providing unequivocal dates, even as crude approximations. There are factors involved which have not as yet been evaluated. The fundamental assumptions on which the method is based continue to be challenged as to their validity.

In the last analysis, it must be recognized, and is recognized by thinking scholars, that the entire framework of traditional chronology of antiquity ultimately rests most of its weight on the validity of certain dates presumed to have been astronomically fixed. Reference is *not* to the few dates in late antiquity which have been securely fixed by means of eclipse data. Reference is rather to dates presumed to have been fixed by the method known as sothic dating. The theory behind the method and the inherent weaknesses in the method cannot be discussed in this brief treatise.<sup>94</sup> It is claimed that the method provides an astronomically fixed date 1849 B.C. for the 31st year of reign of Sesotris III of Dynasty XII.<sup>95</sup> Calculations from this date provide dates 1991 and 1788 B.C., respectively, for the beginning and end of the dynasty.

It need only be noted here that the method rests on premises that have never been established. The results can never be more secure than the premises on which the method is based. The faulty nature of the reasoning is indicated by the incredibly short period that must be assigned to the interval between the end of Dynasty XII and the beginning of Dynasty XVIII. The insecurity of the results from the method is also indicated by the fact that other dates have been obtained using the same data, one in 1812 B.C.,<sup>96</sup> another in 1549 B.C.<sup>97</sup> Lunar data are involved in the calculations. But lunar data tend to repeat themselves at intervals of 19 or 25 years, making

92. The method, particularly as it has reference to the presumed sequence of variations of types, is challenged even with the discipline. William G. Dever, "Vestigial Features in MB I: An Illustration of Some of the Principles of Ceramic Typology," *Bulletin of the American Schools of Oriental Research* (1970), 19f.

93. The weaknesses in this method are discussed in Courville, *op. cit.*, II, chap. III.

94. *Ibid.*, II, chap. IV.

95. Lynn H. Wood, "Kahun Papyrus and the Date of the Twelfth Dynasty," *Bulletin of the American Schools of Oriental Research* (1945), 5f.

96. R. A. Parker, "The Beginning of the Lunar Month in Ancient Egypt," *Journal of Near Eastern Studies* XXIX (1970), 218.

97. John Read, "Early Eighteenth Dynasty Chronology," *Journal of Near Eastern Studies* XXIX (1970), 1ff.

deductions a matter of selection from a number of possible results. In simple language, one must *assume* an approximate date for Sesostris III as a starting premise. But as indicated by the results of this investigation, the assumed dates for Dynasty XII are in gross error. Hence these "fixed dates" have no significance in fact. They are no more factual than the "fact" of evolution.

The creationist should not be deluded into believing that his views on ancient chronology must recognize these dates as a starting premise.

### *Conclusion*

When Nic. H. Ridderbos summarized the situation existing in 1958 with reference to the discrepancies between Scripture and archaeology, he concluded his chapter with the following plea: "May God give us, in the present and in days to come, men who will take up the study of the Old Testament both in believing subjection to God's Word and in keeping with the new challenges which each changing period of history imposes upon this enterprise of scholarship."<sup>98</sup>

These words came to the attention of the writer shortly after the initiation of the research leading to the publication of the volumes on *The Exodus Problem and Its Ramifications*. They have been continually before him in the attempt to provide a true and solid solution to these problems which would permit an unqualified retention of confidence in the historical reliability of Scripture as the veritable message of the God of creation to his fallen creation. The volumes are offered with a hope and a prayer that many may find in them a basis for confirmation or reaffirmation of an unwavering acceptance of the complete historicity of Scripture. Only as Scripture is thus dependable is it a fact that Jesus Christ was the Son of God, sent to pay the price of redemption of those who believe (I John 3:10-12).

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98. Ridderbos, *op. cit.*, p. 350.

## Contemporary Ecclesiology:

### A LETTER TO ST. PAUL

GARY NORTH

(Sometimes I wonder whether the apostles would comprehend certain aspects of the churches of the twentieth century. What if, for example, the Apostle Paul were to try to receive ordination in one of today's conservative denominations?)

## Erasmus Theological Seminary

Corncob, Iowa 51456

April 1, 1975

Paul (Saul) of Tarsus  
3467 Damascus Road, Apt. B  
Damascus, Syria

Dear Brother Paul:

The Stated Clerk of our General Assembly has forwarded your letter of enquiry to me. We are certainly impressed with the success of your program of evangelism. You have obviously seen a lot of territory over there. (As a matter of fact, I'd like to get some information from you concerning the religious high spots of the Holy Land, since I intend in the near future to inaugurate a series of summer tours in the area -- chartered planes, good hotels, and two units of credit in our Christian Education program.) But there are a few problems involved in your request for ordination in our denomination.

First and foremost, there is the problem of your educational background. While we have all been impressed with the erudition of your letters to several of the churches in your area (copies were Xeroxed by local leaders and sent to one of our missionaries in the region, which he forwarded to us), nevertheless you apparently did not graduate from an accredited college or university, nor have you had the minimum of two years of additional study in an accredited seminary. Our denomination prides

***"Our Fully Accredited Utmost for His Highest"***

itself -- if you'll pardon the expression -- on its long tradition of formally educated ministers. Let's face it, education means certification these days. "No tickee - no washee," as they say.

I have been informed that you did study at the feet of Gamaliel. We have a very high regard for the skills of Dr. Gamaliel -- a first-rate scholar in both Hebrew and Old Testament biblical theology. Unfortunately, as you are well aware, the widely reported unpleasantness between you and the residents of Jerusalem has led to certain difficulties on our part in obtaining your transcripts. It appears that either you did not actually graduate, or that the school's administration is not willing to admit that you ever were a student there, or that the school is run on an independent seminar basis, rather like some of our American free universities. Unfortunately, whatever the bottleneck, we simply cannot admit you to our seminary program until we get those transcripts!

Our problem at this end is accreditation. Over there you're not so concerned about such issues. (Educationally, I'm afraid your various schools of the prophets are not too progressive.) But in the United States, accreditation is the warp and woof of education. "No tickee -- no washee" applies to us seminary administrators even more than it does to our ordained men! You must understand our position. You see, Christianity has a pretty bad press in America these days. Those of us who are orthodox and traditional in our theology keep getting attacked -- "persecuted" might be a better word -- because we believe many of the same doctrines as Fundamentalists, especially Southern Fundamentalists. Academic respectability in this country is strictly an export of the North, so we have to be very careful. (A scholar in America lives, so to speak, in the Northern Kingdom.) If we start taking in men who have not received degrees from accredited colleges, we may lose our standing with the North-Central Seminary and Theology Accreditation and Sanctions Board, Inc. This would be tantamount to academic suicide. These men come in every year and give us a very thorough going-over. Do we believe in biblical infallibility? How many Ph.D's do we have on our staff to entitle us to believe in such an outworn doctrine? No Ph.D's - no biblical infallibility, if you know what I mean. Do we believe in a literal resurrection? How many books do we have in the library? Do we believe in the physical second coming of Christ? What is the size of our endowment? It goes on and on. We have to cover our flanks, so to speak, with sheepskin. (Around here, we call it putting out the fleece.)

The men who serve on these accrediting boards are very strict. They all have advanced academic degrees from the really top schools in the country -- Harvard, Princeton, Yale, Columbia, Union Theological

Seminary, Berkeley -- and therefore we simply are compelled to accept their judgments concerning what constitutes scholarship. Fortunately for us, to a man they have all given up the idea that truth is anything other than something to be pursued. Education is, for them, the pursuit-of-truth business. What gets us into so much trouble is the fact that we claim to have discovered truth. They keep coming down here every year, and predictably, one of them asks me: "What is truth?" (Before I can ever get out an answer, he invariably walks out of the room.) But these fellows set the academic standards that entitle anyone in this business to pursue truth. If we should start accepting students from unaccredited undergraduate programs, we might lose our truth-pursuit license. We just can't go around telling some Ph.D from Berkeley to revise his concept of academic excellence! The church may judge angels some day, but Erasmus Seminary is only a school. Sphere sovereignty and all that, you understand.

Therefore, I think you can understand why it is that the denomination is unable to ordain you to an official preaching ministry. You could become a ruling elder, of course. We are perfectly willing to accept unaccredited ruling elders into our midst. In fact, we are justifiably proud of just how unaccredited some of our ruling elders are. (We are quite democratic ecclesiastically, in a hierarchical sort of way.) If you can just get Dr. Gamaliel to send us your transcripts, however, your troubles will be over. You can then come here for two or three years of study, and you'll be ready for the pastorate. And I can tell you this, we're ready to go half way with you. I've already checked with our academic dean, and he assures me that we can grant you full credit for both your Hebrew and Greek.

We are sending you a copy of our latest catalogue under separate cover.

Sincerely in Christ,

E. P. Eutyclus, D.D., Litt.D.  
President

P.S. Several of our faculty members who are outdoorsmen types were wondering if they might get a ministerial discount on some of your tents.

### III. DEFENDERS OF THE FAITH

## ATHANASIUS

C. GREGG SINGER

Athanasius, frequently called the Great, was born of Christian parents in either A.D. 297 or 298 in Alexandria, Egypt, and died there in 373. His life spanned the Age of Constantine in the history of the Roman Empire, and much of the prolonged trinitarian controversy which engulfed the Eastern church during most of the fourth century. He received the classical training in Greek philosophy and literature, and this early training in the classics prepared him for the role he was to play as the champion of trinitarian orthodoxy during the turbulent years of vexing Arian controversy.

In 300 he came to the attention of Alexander, bishop of Alexandria, who soon took him under his care. Athanasius became his secretary and soon was made an archdeacon in the church there. Shortly thereafter, the Arian controversy, which had been brewing since the beginning of the century, broke out in full force, and Athanasius soon assumed the leadership in the defense of the orthodox doctrine of the Trinity against this very dangerous heresy, which threatened the very life of the church, especially in the East.

#### *Athanasius, Arius, and the Council of Nicaea*

The Arian controversy, involving not only the deity of Jesus Christ but trinitarian theology as a whole, was a monumental struggle in the history of the development of Christian theology, and its outcome in the full establishment of the Trinity in the thinking of the church determined the future development of the whole gamut of Christian doctrine. Without the victory which Athanasius achieved at Nicaea, one can only speculate what direction or directions the theological development of the church would have taken. But it is quite clear that without such a full understanding and affirmation of the deity of Christ achieved at Nicaea, the later history of the Christian church would have been pitiful indeed, and we could well raise the question whether it could have survived, even as a philosophical institution with the biblical leaven intertwined with its classical background. Since Scripture guarantees the survival of the church, it therefore guarantees the survival of trinitarianism.

It would be incorrect and dangerously misleading to infer that the Council of Nicaea hastily invented the doctrine of the Trinity in order to meet the challenge of Arianism. In fact, if this had been the case, Athanasius and his colleagues would scarcely have recognized the nature of the threat confronting them in Arianism. The doctrine of the Trinity was held in an undefined way by the church of the New Testament as it was inherited from the Old. The references to this doctrine in the Scriptures are too abundant to be ignored at any time by believing Christians, but for the church of the first four centuries, the Scriptures were a veritable rock of granite-like truth out of which Christian scholarship was to formulate a system of doctrine which would safeguard the faith of the church against misunderstanding on the one hand, and intended heresy on the other. This is not to say that the former may not be as dangerous as the latter for the life of the church, but it does mean that the nature of the controversy and its general settlement to a great extent reflect the intent of the leaders of the heretical movement.<sup>1</sup>

Zeal in searching the Scriptures in itself is no safeguard against doctrinal error, and the history of the church is eloquent testimony to this fact. On the other hand, the history of doctrinal development would also teach us that in some of the great controversies, especially those of the first four centuries, both of these factors were a part of the picture. And when we look at the Arian controversy as a whole, it would seem clear that *lack of understanding* and a degree of *intentional heresy* were both present. The church had affirmed its belief in the Trinity from its infancy in the baptismal formula, but the very simplicity of this early statement was an invitation for the emergence of various interpretations and misunderstandings and heresy.

Only gradually did the Christian church develop a systematic statement of its understanding of the Scriptures, and it achieved this firmer foundation for the propagation of the gospel to the classical world. But this firmer grasp of scriptural truth was in itself a result of the contact which the early church had with classical culture and the various schools of Greek thought.

The cleavage between the Scriptures and Greek philosophy was very great—so great that it could not be bridged—and all efforts to achieve a synthesis between reason and revelation were doomed to failure then as

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1. At this point attention must be called to an important difference between much of the heresy which arose in the early church and that which developed later. A careful study of early deviations from biblical norms and heresies indicates that many of these heresies arose from a failure sufficiently to penetrate the scriptural position and often an attempt to state doctrine so clearly as to prevent one heresy that, inadvertently, the formulation frequently gave rise to a different kind of heretical teaching.



they are today. However, the impossibility of the task was all too seldom evident to the early fathers, who were to varying degrees under the magnetic sway of Platonism, and they failed to see the threat which this philosophy posed for the church and its message. Many, if not most, of the early apologists for the gospel were unable to free themselves from their early training in Platonism and Gnosticism and come to the realization that no agreement between biblical revelation and Greek philosophy was either possible or desirable. Even those early fathers, like Tertullian, who had some awareness of the issue, were unable to free themselves entirely from the shackles of their classical heritage.

This continuing influence of the classical tradition within Christian circles proved to be a prolific source of heresy.<sup>2</sup> Deeply impressed by what they felt was the grandeur of Platonism and its kinship to Christianity, these early fathers were easily enticed into making an attempt to find a home for Plato within the superstructure of the doctrine of the church, which they were slowly and painfully constructing from their study of the Scriptures. The Eastern mind, both classical and Christian, was speculative in its nature, and this speculative tradition was carried over into their efforts to present what they felt was an effective apologetical system which would be meaningful and attractive to the pagan world of the second and third centuries.

It is in this intellectual and doctrinal climate that the origins of Arianism and the Athanasian answer are to be found. More specifically, the lofty efforts of Origen during the third century to bridge the gap between Christianity and Platonism furnished the soil out of which the Arian heresy emerged at the close of the third century.

Origen, the Alexandrian apologist of the mid-third century, had insisted on the eternity and other divine attributes of Jesus Christ, but in his zeal to preserve the distinction of the person of Christ in the Godhead, he fell into the error of attributing to Christ a *separate essence* from that of God the Father. It was, in effect, a form of *subordinationism*. Origen insisted that Christ was a kind of secondary God, and only the Father could properly be called *the God*. Even though he also taught the eternal generation of the Son from the will of the Father, in a sincere effort to safeguard the doctrine of the Trinity, this eternal generation was nothing more than the communication of a *subordinate divine substance* and fell far short of the biblical teaching.

The Arian controversy, involving the question of the full deity of Jesus Christ and the nature of the Trinity, rose to the surface in the theo-

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2. This continuing influence should hardly be a cause of surprise. Nearly all of the early fathers had been trained in classical thought, and only slowly did they come to see the deep gulf between it and their newly found faith.

logical life of the church at Alexandria, where Arius, a presbyter in the church there, openly opposed Bishop Alexander and accused him of Sabellianism because of Alexander's insistence on the eternity of the Son.<sup>3</sup> As a result of this action, Alexander called a council of about one hundred bishops from Egypt and other parts of North Africa in 321, which excommunicated Arius and his followers on the charge that they were guilty of denying the true deity of Jesus Christ.

Arius was not only not quieted by this action, but was spurred to press his views all the more zealously in the East, and was able to obtain the support of several important bishops. The Eastern church was thrown into such turmoil that the conflict attracted the attention of the Emperor Constantine, largely because of its implications for his policy of achieving a new political unity for the reconstituted Roman Empire, which had just emerged from the tyranny of Diocletian. He greatly feared that a divided church would doom his efforts for uniting the empire, and his interest in this ecclesiastical controversy seems to have been politically motivated to a great extent.<sup>4</sup> For this reason, he called the Council of Nicaea in 325, at the suggestion of some of the Eastern bishops, to settle this divisive doctrinal issue which threatened his political ambitions.

At this first ecumenical council, which assembled in Nicaea, attended by 38 bishops, Athanasius assumed the leadership in defense of the biblical doctrine of the Trinity, which had come under attack by Arius and his followers. Athanasius was keenly aware of the danger which the Arian heresy presented to the Christian church, and as a result he transformed a council which had been largely for political purposes into one which clearly, if not fully, defined the doctrines of the deity of Jesus Christ and the Trinity for Christians throughout the ages.

The position advanced by Arius was an early form of the later Unitarian heresy, and an examination of his argument clearly reveals that the controversy was not a mere quibbling over "theological trivia," as present day liberals frequently contend, but that it dealt with basic issues which, if not settled, threatened the very life of the church, because they involved the very heart of the gospel message. Is Christ truly God or is He some

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3. *Sabellianism*, a heresy appearing about the middle of the third century as an early form of Unitarianism. Sabellius taught a trinity of appearances or revelation and not of essence. Sabellius held that the unity of the Godhead without distinction in itself unfolds in the course of the world; development in three different forms and periods of revelation. The Father is revealed in the giving of the law in the Old Testament, the Son in the incarnation, and the Holy Spirit in inspiration. The revelation of the Spirit continues in regeneration and sanctification of believers. After redemption is completed these three forms of revelation return to a unity.

4. For an excellent analysis of the role of Constantine in the attempt to settle this controversy, see Charles Norris Cochrane, *Christianity and Classical Culture* (New York: Oxford University Press, 1944).

kind of a subordinate being? Do the Gospels present a supernatural, divine Savior, or do they present a merely superior kind of being of excellent character who could somehow inspire men to follow Him and thus earn their redemption by achieving a moral excellence like His? The issue may be stated in these rather simple terms, but Athanasius quickly saw the profound implications of the position, which Arius was advancing both passionately and tenaciously at Alexandria.

At an earlier council held at Alexandria in 321, Arius and his followers had insisted that there had been a time when God had not been the Father because there had been a time when Christ had not been the Son, since He was a created being. There had been a time when Christ had not existed. Thus, he concluded that the Son as a creature could not be of the same essence or substance as the Father. God alone is without origin and unbegotten, while the Son had a definite beginning. Arius clung to the phrase, "the Son was not always." Thus, for Arius the Son has all the attributes of a creature. Some historians believe that Arius held that Christ is a kind of demi-urge (secondary god), while others have argued that he held to a kind of an emanation theory reminiscent of Gnosticism as an explanation of the relationship of the Son to the Father.<sup>5</sup>

At the Council of Nicaea, three groups were present, representing three different views of the Trinity and the deity of Christ. The orthodox or Athanasian party was in the minority and rather weak in numbers when the Council opened. But its numerical weakness was more than offset by the intensity of its dedication to the Scriptures and its zeal for the purity of doctrine. It was also blessed with able leadership in Alexander, bishop of Alexandria, Hosius of Cordova, Eustathius of Antioch, and the young Athanasius.

The second group was the Arian party. It too was numerically weak, and it is doubtful that it could claim more than twenty of the assembled bishops within its ranks, but the very influential Eusebius of Nicomedia was its leader. However, Arius probably wielded as much, if not more, influence than Eusebius, since he represented the desires of Emperor Constantine.

The third and largest single party in the Council, led by Eusebius of Caesarea, took a middle ground between Athanasius and Arius. Actually, its members were closer to Athanasius than to Arius, and as the debates unfolded they joined the banners of Alexander and Athanasius, and signed the Nicene Creed.

The Arians presented their credal position to the Council, and it was summarily defeated. This defeat greatly weakened the Arian party and

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5. For the treatment of the Arian position see "Defense of the Nicene Definition" in Schaff, *The Nicene and Post Nicene Fathers*, 2nd series, IV, 154-158.

gave to Eusebius of Caesarea the opportunity to present another creed, which was acceptable to this large middle-of-the-road element. It affirmed the true deity of Christ within a general biblical context. It received added prestige from the fact that Constantine had already given it his approval. But it was also acceptable to the Arian minority, and this fact made it unacceptable to Athanasius, who correctly sensed the reason why it could be accepted by Arius and his group. In the eyes of Athanasius, its weakness lay in its failure to use the term *homousios*, a term which definitely emphasized the biblical teaching that Christ is of the *same essence* as the Father and *consubstantial* with Him. It was this very significant omission which probably made it possible for Arius to accept this formula. But for the same reason it was quite unacceptable to Athanasius and Alexander.<sup>6</sup>

Athanasius was keenly aware of the dangers to the Christian faith involved in the Arian position. Not only did it imperil the doctrines of the deity of Christ and the Trinity, but also the biblical doctrine of God as well. If the Father has not always been the Father, by the same token He has not always been God. Athanasius saw very clearly that this error in turn led to the polytheism of the heathens and destroyed the biblical doctrine of redemption. He therefore took the high biblical ground that the nature and the person of God are one. To illustrate his position he used the relationship of a fountain and the streams of water flowing from it.

Just as a river springing from a fountain, although there are two forms and two names, so neither is the Father the Son, nor the Son the Father.<sup>7</sup>

The different parties at Nicaea, including Athanasius and Alexander, could not accept any formula which did not declare the full deity of Christ in unequivocal terms. The impasse was brought to an end when Hosius, bishop of Cordova in Spain, suggested the use of the term *homousios* as an addition to the creed which had been submitted by Eusebius of Caesarea. This addition was accepted by all present except two Egyptian bishops and Arius, and they were promptly banished by Emperor Constantine to Illyria.

This solution was a great victory for Athanasius and his supporters and a significant defeat for Arius and his party which was to have a profound effect on the theological development of the church in the East and the West. Athanasius called this decision at Nicaea "a true monument and token of victory against every heresy," and Leo the Great (440-461)

6. Schaff, *op. cit.* "Defense Against the Arians," p. 151, and "Defense of the Nicene Definition, pp. 167 *et. seq.*

7. Reinhold Seeburg, *History of Christian Doctrine*, quoting Athanasius, *Oration Four Against the Arians*.

at Rome insisted that its decrees were even inspired by the Holy Spirit.

There is no doubt that it was a monumental victory for orthodoxy, for if the problem of the deity of Christ had not been decided in such a resounding affirmative answer, the church would have lacked this sure biblical foundation as the touchstone for its later theological development and would have been unable to cope with the many other heresies which were to beset it from that day on until ours. Without this firm conviction written indelibly in its confession of faith, it is most unlikely that the church would have had the biblical insight or zeal to safeguard the truths of Scripture from the many attacks which have arisen through the ages.

But it must also be observed that this very clear statement of the deity of Jesus Christ made at Nicaea also invited the rise of later heresies concerning the relationship of the divine and human natures in His person. But even these later doctrinal debates graphically portrayed the importance of this affirmation made at Nicaea in the later theological and spiritual development of the church.

Athanasius, in his courageous stand for the inclusion of the term *homousios* in the creed of 325, virtually brought the Logos controversy to a conclusion.

But we must not allow our admiration for his adherence to the Scriptures to agree with Reinhold Seeberg in his insistence in his *History of Dogma* that Athanasius was a theologian of great originality and that in the Nicene formula he furnished something new for the Christian church. Such a statement is open to serious question, and it is something less than an appreciation of what Athanasius actually accomplished. He actually used elements of biblical doctrine which had already been enunciated by Origen and other apologists of the preceding era. But in his recognition that the Logos is generated from the nature (*ousia*) of the Father and is of the same nature as the Father, he definitely made an advance in the understanding of biblical truth beyond that of his predecessors. Seeberg, however, does admit that Athanasius combined the element of truth found in Monarchism and the more popular Christology while the errors of both the thought and expression of Monarchism were avoided.<sup>8</sup> But even in

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8. Reinhold Seeberg, *History of Christian Doctrine*. Monarchism was an anti-trinitarian heresy of the third century which stressed the unity of the Godhead. This heresy was divided into two groups. The first group has been called the dynamic Monarchians, who denied the deity of Christ and explained Him as a kind of power. They regarded Christ as a mere man. The second group of Monarchians, on the other hand, held to the view that identified the Son with the Father and were known as the Patripassians. At best they admitted only a modal trinity and held to a threefold mode of revelation, but they denied the biblical doctrine of three persons in the Godhead. Their view really involved the concept that the Father actually suffered on the cross rather than the Son, as in orthodox trinitarianism.

this achievement, Athanasius did not successfully avoid some imperfection and lack of depth in his understanding of the biblical position.

In taking his stand for the deity of Christ in terms of the *homousios*, Athanasius saw in the Scriptures of the Rule of Faith the basis for the Nicene Creed. The creed of 325 must always be interpreted in the light of these two standards. But, on the other hand, Athanasius always interpreted the Scriptures in the light of what they had to say about Jesus Christ and the redemption provided through Him for men. It must be observed that his theology was Christocentric in character as presented at Nicaea and throughout the span of the Arian controversy.

His main concern was to maintain intact the biblical doctrine of redemption and he saw very clearly that the incarnation was effective for salvation of lost sinners only if Christ is truly God and not merely an emanation of deity, as taught in the doctrine of Gnosticism, or a semi-divine being, as Arius taught.

#### *Athanasius, Arius, and the Persisting Controversy*

If the Council of Nicaea achieved an enduring theological victory, it most certainly was not an uncontested decision. For the next fifty-six years the controversy raged on, and Athanasius did not live to see the final settlement of the issue at the First Council of Constantinople of 381. The seeds of this continuing controversy lay partly in the phraseology used at Nicaea and partly in the fact that not all those who subscribed to the formula of 325 were personally committed to its meaning or defense. The majority voting in its favor was certainly the result of the political demands confronting this council. The influence of Constantine was certainly a vital factor in the victory achieved by Athanasius and his party. Arianism failed to win that day at Nicaea, but the zeal of Arius for his own position was by no means diminished.

The personal history of St. Athanasius from 325 until his death is so closely related to the history of this doctrinal controversy that neither can be understood or dealt with separately from the other. They must be treated together as forming an epoch in the history of the Christian church during the fourth century.

On the death of Alexander in 328, Athanasius became bishop of Alexandria and the victory of Nicene orthodoxy seemed assured, but this proved to be far from the case. Constantine, still desirous of maintaining unity in the church for the sake of unity in his empire, recalled Arius from his banishment and demanded that he be restored to his former position in the church at Alexandria. Athanasius refused to honor this imperial request. But the conflict was not renewed until 335 when, at the Council of Tyre, Eusebius of Nicomedia preferred charges against Athanasius because

of his refusal to restore Arius to his post. As a result, Athanasius was banished to Treves, far away in what is now western Germany (Trier). In 336 Arius was recalled to Constantinople to clear himself of the charge of heresy. Constantine became convinced of his orthodoxy and was on the verge of restoring him to his post when the emperor suddenly died.

The deaths of both Arius and Constantine in 336 brought about a change in the political climate at Constantinople, and Athanasius was permitted to return to his bishopric. But this change did not last long, for Constantius, the second son of Constantine, became emperor in the East in 341. Constantius was an ardent Arian, and Athanasius was once more banished. Arianism was now firmly in control in the East, and the Nicene orthodoxy was in great jeopardy.

However, after 340 the theological climate began to shift in both the East and the West. In the East, a synod was held at Antioch under the control of Eusebius of Nicomedia which reflected the more radical position of Arius and adopted twenty-five canons which were semi-Arian in nature. The work of this synod cannot be regarded as a victory for Athanasius, since it studiously avoided the use of the term *homousios*, and confirmed the deposition of Athanasius from his bishopric.

In the West, however, the tide was now in favor of the Nicene orthodoxy. This trend of events caused Julian of Rome to declare in favor of Athanasius and in 346 a synod at Rome recognized him as the rightful bishop of Alexandria. This last action brought out into the open the division growing within the church between the bishopric (or papacy) of Rome on the one hand and the Eastern hierarchy on the other. This division had serious political implications for the empire at a time when it desperately needed unity at home because of the many enemies lurking on its frontiers and seeking to attack it.

To heal this breach, Constantius, emperor in the East, and Constans in the West summoned a general council of the church to meet at Sardica in 347, at which Hosius, bishop of Cordova in Spain and a staunch adherent of the Nicene Creed, presided. Under his influence, the bishops assembled at Sardica condemned Arianism. Under considerable pressure from Constans, Constantius in 349 recalled Athanasius from his banishment because of the threat which the Persians were offering to the empire in the East. But this restoration proved to be at best only a temporary reprieve for Athanasius, for after the death of Constans in 350 Constantius renewed his open attack on Athanasius and his opposition to the Nicene theology. He called successive councils at Sirmium in 351, Arles in 353, and Milan in 355 at which Athanasius was again condemned. Constans also forced these decrees of condemnation on the Western church and banished from their diocese those bishops like Liberius of

Rome and Hosius of Cordova and Hilary of Poitiers who had been steadfast in their support of the Nicene orthodoxy. Constantius even went so far as to drive Athanasius out of the cathedral at Alexandria while he was conducting worship service and the battle-scarred bishop again found it necessary to flee, this time to Ethiopia.

The Arianism which was now in the ascendancy in both the East and the West was not that which Arius had defended in 325, but a milder or modified form which accepted *homoi-ousios* [similar substance] as the proper description of the relationship of Christ to God the Father, but not the same.

This formula was no more acceptable to Athanasius and his supporters than the older one. It still denied the full deity of the Savior and the biblical doctrine of the Trinity. But Constantius was determined to use it as a means of achieving the political unity he felt was necessary. For this purpose he called two councils in 359, one to meet in the West at Rimini, and the other at Seleucia in the East, and directed that each council was to send its findings to him and ten delegates. The result was a council at Constantinople in 360, but the unity he sought was as elusive as ever.

The death of Constantius in 361 brought a vast change in the way in which the controversy was going and made it possible for the Nicene party to achieve ultimate victory, but in 361 this victory seemed to be only a remote possibility at best. Julian the Apostate (361–63) ascended the imperial throne, and for purposes of his own recalled the orthodox bishops from their respective banishments and once more Athanasius returned to his old post. Then he banished Athanasius almost immediately. The next year (363), Julian died, and his successor recalled Athanasius. In 364, Jovian died, and Valens removed Athanasius from his see, in 367, and he went into hiding again. Finally, Valens recalled him, and he pastored his church in Alexandria until his death in 373. But this great defender of the faith once delivered to the saints did not live to see the final triumph of the Nicene orthodoxy to the defense of which he had given fifty years of his life. The final triumph came eight years later when Theodosius called the Council of Constantinople in 381.

The life of Athanasius, which spanned most of the turbulent fourth century of the Christian era, was eventful, to say the least, and many would call it hectic. For forty-eight years, from 325 to 373, he was the target of both the imperial and the ecclesiastical hierarchy, with some brief interludes of relatively peaceful years which gave him some respite. We can well understand how he could have coined the phrase “Athanasius contra mundum” to characterize these years. But he could have with somewhat greater accuracy just as well cried out “Mundus contra Atha-



nasium," for the ecclesiastical and political forces were generally allied against him and the Nicene orthodoxy of which he was the undaunted champion. Indeed, very few of the early fathers were so continuously and object of attack or led such a precarious existence over such an extended period of time.

And yet in spite of the constant danger and humiliation to which he was so often exposed, and the continual uncertainty which haunted his career as the great champion of evangelical orthodoxy, he never faltered in his unswerving devotion to the truth which had gripped his soul as well as his mind. In this great devotion, he was both passionate in the highest sense of the word and utterly fearless. His singleness of purpose to serve the truth gave him an unusual and appealing boldness which allowed him to die a natural death. We can well agree with Philip Schaff when he wrote: "Athanasius was not free from the faults of his age. But he is, all the while, one of the purest, most imposing, and most venerable personages in the history of the church; and the judgment will now be almost universally accepted."<sup>9</sup>

### *The Theology of Athanasius*

Athanasius was by no means original in his thinking and neither was he the most profound of the early Fathers. In fact, he saw some biblical truths only dimly, and others almost escaped his attention. But he was thoroughly aware of the danger of allowing Greek thought to infiltrate the thinking of the church, and he was very alert to the threat which the philosophizing tendencies of Origen posed for Christian theology. It was his constant purpose to base his own theology in the Scriptures and the rule of faith, and set the church on the one foundation—Jesus Christ, true God and man, the Redeemer of men. In Augustine's *De Trinitate*, the work begun by Athanasius for the proper understanding of the biblical doctrine of the Trinity reaches its fruition.

Yet we must not conclude that Athanasius limited his study of the Scriptures to the doctrine of the deity of Jesus Christ and the Trinity. Although they occupied a prominent and even key position in his thinking, he did not fail to pay some attention to the implications which his understanding of these truths had for the understanding of the whole biblical teaching on redemption. His burning zeal for defense of the full deity of Christ led him to study and defend other biblical doctrines. The deity of Christ did not and could not stand in isolation from other critical issues in theology, and Athanasius even during his own lifetime came to see the relationship between the Nicene orthodoxy and the christological debates of the late fourth century.

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9. *History of the Christian Church*, III, 889.

The problem of the relationship of the human and the divine in the person of Jesus Christ came to the forefront and demanded the attention of later fathers of the fourth century. Here again the speculative mind of Origen, which had in part inspired the Arian controversy, also paved the way for the rise of another controversy which was also fraught with grave implications for the proper understanding of the doctrine of redemption. The Alexandrian School had not been able to achieve the same degree of clarity in its understanding of *the union of the two natures in Jesus Christ* as it had in regard to His deity. (Schaff has indicated that Athanasius himself was not wholly free from a tendency toward a Monophysite view of the explanation of the connection of Christ's divine and human natures, a view which was in danger of losing the human in the divine and denying the true humanity of Christ.<sup>10</sup>) The great mid-nineteenth-century church historian, Augustus Neander, wrote concerning the Alexandrians: "In the indefiniteness of the notions of *phusis* and *hypostasis*, the Alexandrians were more moved to conclude only one *phusis* in Christ."<sup>11</sup>

This tendency toward Monophysitism became a very apparent weakness in the theology of Apollinaris, who endeavored to apply the implications of the Nicene formula to the task of finding a solution to this christological problem. Apollinaris was a good scholar and devoted to the defense of orthodoxy as he understood it. But his very zeal for full deity of Christ, without an adequate understanding of the creed of 325, led him into the error of denying Christ's true humanity. As a result, he erroneously ascribed to Christ a human body and soul, but denied that he had a human spirit or reason, thereby replacing the human spirit with the divine Logos. This led him to locate all the divine attributes in the divine nature, and he then merged these two natures into one nature in Christ.

Athanasius, along with Gregory Nyssa and Gregory Nazianzen, endeavored to combat this serious misuse of the Nicene theology. For Athanasius, it became a most embarrassing and difficult situation, since Apollinaris was a sincere defender of the orthodox position, and claimed to be simply applying this formula to the solution of the christological issue. The final settlement of the difficulty awaited the development of the Augustinian theology and the Chalcedon Creed of 451.

Athanasius did not confine his interest to the doctrines of the deity of Christ and the Trinity, but allowed his intellectual interests to range over a

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10. Schaff, III, 706.

11. *Dogmengeschichte*, p. 340. The Nicene Fathers used two terms in their efforts to clearly define the Trinity. By *phusis* they meant the essence, substance, or nature of the Godhead, while they used *hypostasis* to denote a person or persons of the Godhead. The lack of precision in the Alexandrian use of these two terms led to a confusion in their attempts to explain their thinking on the issue of the union of the divine and human natures in the person of Christ.

broad field of biblical themes. But it must also be admitted that in these other areas he was far less successful in advancing the true evangelical position. It has already been pointed out that he was not entirely free from the influence of Justin Martyr and Origen. These early apologists had fallen far short of the biblical standards in their comprehension of such doctrines as sin and total depravity, as well as the freedom of the will and election, preferring to regard Christianity as the great fulfillment of the Platonic philosophy in which they had been so thoroughly trained before their conversion to Christ. They thus tended to regard *sin* as a *lack of knowledge* rather than a state of the whole man; but it was a lack of knowledge which was overcome on the revelation of God in the person of Jesus Christ. In his original creation, man was not in a state of perfection but rather had he been so created as to be in a state in which he *might* achieve perfection. With this misunderstanding of the original state of man in Adam, it was almost inevitable that these early church fathers should have failed to understand the meaning of the Fall in terms of its total impact on the nature and destiny of the human race. Among them there was little recognition of the doctrine of total depravity as it emerged in Augustine and came to its full biblical status with the Reformers. Their defective understanding of original sin and total depravity brought them to a view of the death of Christ which fell far short of the biblical message.

Schaff rightly observed that while Athanasius did not ignore other doctrines taught by the early fathers, he tended to view the issue of soteriology largely by the use of categories that made it very difficult, if not impossible, for him to present in any adequate manner the biblical themes of guilt and reconciliation. His view of man in his original state led him to a peculiar conclusion as to the nature of the Fall—that the original image (*eikon*) of God in Adam was only gradually lost, and he further held that this gradual loss was a kind of process toward non-existence. This gradual obliteration of the image of God brought with it an increasing ignorance of God by mankind. Athanasius believed that this image of God was the indwelling Logos, in the light of which men could read the open book of God in the universe.

For this cause, then, death having gained upon men, and corruption abiding upon them, the race of man was perishing; the rational man made in God's image was disappearing, and the handiwork of God was in process of dissolution.<sup>12</sup>

The loss of this ability to interpret God's book found in the universe was the result of Adam's sin, which Athanasius regarded as turning the mind to lower things instead of toward God. This concept of the nature

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12. Schaff, *Incarnation of the Word of God*, chap. 6, p. 39.

of the Fall had monumental consequences for Athanasius in his attempt to understand the relation of the Fall to the will and the doctrine of the atonement. Inasmuch as he viewed the first sin as the turning of the mind from the contemplation (*theoria*) of God to the lower aspects of this life, he failed to give the corruption of the human will its proper biblical importance.<sup>13</sup>

With this defective concept of the nature of the Fall holding a prominent place in his theology, it is hardly surprising that he developed a view of redemption that failed to deal in a biblical manner with the problem of the will. Athanasius came to view redemption as that divine process whereby the nature of man is changed by an *infusion* of that higher and *divine nature* which he had gradually lost by the Fall, rather than by the *judicial* act of God of *imputing* Christ's righteousness to men.

For men's minds having finally fallen to things of sense, the Word disguised Himself by appearing in a body, that He might, as man, transfer men to Himself and, men seeing Him thenceforth as Man, persuade them by the works He did that He is not Man only, but God, and the Word and the Wisdom of the True God.<sup>14</sup>

This view of the incarnation is obviously much more an Eastern than a Western theological concept, and the influence of Origen and Clement of Alexandria on his thinking is quite evident. (Somewhat less visible and less direct is a Gnostic strain, although Schaff argued to the contrary.) There can be no doubt that his placing the locus of the effect of the Fall in the realm of the *mind* rather than in the *will* is certainly characteristic of his Alexandrian predecessors (and has continued to be a distinguishing characteristic of the Eastern church theology even until the twentieth century). Accordingly, Athanasius held that the mere presence of the Word in a human body, in Jesus Christ, is the basic element in redemption.<sup>15</sup>

Once more, then, it was the Word of God Who sees all that is in man and moves all things in creation, Who alone could meet the needs of the situation. It was His part and His alone, whose ordering of the universe reveals the Father, to renew the same teaching. But how was He to do it? By the same means as before, perhaps you will say, that is, through the works of creation. But this was proved insufficient. Men had neglected to consider the heavens before and now they were looking in the opposite direction. Wherefore, in all naturalness and fitness, desiring to do good to men, as Man He dwells, taking to Himself a body like the rest; and through His actions done in that body, as it were on His own level, He teaches those who would not learn by

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13. Schaff and Wace, IV, p. ix. See also *Incarnation of the Word of God*, pp. 3, 8, 10, 44.

14. Schaff and Wace, IV, 45.

15. *Ibid.*

other means to know Himself, the Word of God and through Him the Father.<sup>16</sup>

This emphasis on the incarnation as redemption raised a very serious problem concerning which Athanasius was apparently only dimly aware and for which he did not offer an answer which was sufficiently biblical. If the presence of Christ in human form is the essential cause of our redemption, what then is the place of the cross in the salvation of men? Is it really needed?

At first glance it might seem that Athanasius merely held to Christ as the Great Teacher whose presence on earth would correct the noetic (knowledge) effects of the Fall. But such an interpretation of his position at this point would not do justice to his theology. He did not deny or even neglect the death of Christ on the cross. In fact, his death upon the cross stands as the purpose of the incarnation. There had to be an atonement.

We have, then, now stated . . . the reason for his bodily appearing; that it was in the power of none other to turn the corruptible into incorruption, except the Saviour Himself. . . . He came among us; to this intent, after the proof of His Godhead from His works, He next offered up His sacrifice also on the behalf of all, yielding His Temple to death in the stead of all, and in order, firstly, to make men quit and free of their old trespass, and further to show Himself more powerful even than death, displaying His own body incorruptible, as first fruits of the resurrection of all.<sup>17</sup>

The problem appears at this point. Christ had to die on the cross. But why? For Athanasius, Christ had to die to put an end to death, as the above-quoted passage clearly indicates. But for Athanasius, the sentence of death on the human race spent itself in the death of Christ. Thus, the fruit of this victory is that man henceforth *participates in the divine nature* and is, to a degree at least, deified.<sup>18</sup> Thus, the incarnation brings to man a restoration which is, at the same time, an advance over his original nature—a metaphysical rather than a purely ethical doctrine of the Fall and restoration.

### Conclusion

In short, if there is very little in the writings of Athanasius that looks forward to the theology of the Reformers, there is even less which lends support to the later Roman Catholic theology of the Middle Ages. There is one passage in which he commented on John 6:62-64 which could possibly be construed as a forerunner of later views on the Lord's Supper.

16. *Incarnation of the Word of God* (New York, 1946), chap. 14, pp. 42-43.

17. Schaff and Wace, IV, 47.

18. Schaff, *Incarnation of the Word of God*, chap. 54.

But it is most definitely not transubstantiation and could just as well be regarded as a forerunner of Calvin's position. Athanasius never attempted to give a definition of the relation of the visible elements of the Lord's Supper to the spiritual effects of this sacrament, if it can even be held that he held what might be considered as a sacramental view of this celebration. He did, however, attach a great importance on the necessity of holy life and pure mind for the proper understanding of biblical truths. He insisted that Christ is the one true festival embracing the whole of Christian life. Ethically, this holy life must be expressed in terms of loving one's neighbor and kindness to the needy. He was inclined to asceticism as a basic principle of Christian living, and here again his own lack of understanding of basic biblical teaching comes clearly into view.

However, in spite of some very important omissions in his presentation of biblical doctrine and serious lack of understanding at other points, we must also agree that in his contribution to the understanding and defense of the doctrines of the Trinity and the deity of Jesus Christ he was a tower of strength raised by God for the church of the fourth century, and we must admire him for being willing to stand against the world of his day.

## IV. BOOK REVIEWS

*Labor Problems in a Christian Perspective*, edited by John H. Redekop. Grand Rapids: Eerdmans, 1972; 364 pp., \$6.95.

Reviewed by GARY NORTH

There are good books, mediocre books, and bad books. This is an exceedingly bad book. The editor, a political scientist at Waterloo Lutheran University in Ontario, Canada, has selected the essays very carefully so as to avoid a single contribution by an economist. Only one essay (Bruno Ramirez's) points to the coercive nature of *all* government-sanctioned labor union activities. Only one article discusses the fact that labor unions can achieve higher-than-market wages for its members *only* by prohibiting entry to the labor market in question to anyone who would be willing to work for less than the union-determined "fair" wage. This essay gets all of four pages of space.\* One author (William Fitch) does come out strongly against compulsory unionism and the right of a worker to refuse to join any trade union. But the other 23 essays are pro-union, either of the voluntary Christian kind, or of the "bread and butter" secular variety. In short, this is one long tract promoting trade unionism, all in the name of Christian orthodoxy. Two or three anti-union articles are included in order to present the illusion of neutrality and "fairness," and none of the three is written by a Christian economist. In short, the book is stacked against the free market.

The problem should be obvious. The author has selected the essays to promote the wholly fallacious idea that the only real debate—academically respectable or truly Christian—is between secular trade unionism and Dooyeweerdian Christian (i.e., Dutch) trade unionism. One sad legacy of the Netherlands' Anti-Revolutionary Party, begun by Groen van Prinsterer in the mid-1800's, is the continuing commitment of many Dutch immigrants to Christian unions. In opposition to Marxist ideas of class struggle, Prinsterer was a promoter of the idea of a labor movement which could co-operate with management. There was nothing intrinsically wrong with the idea of a voluntary association of Christian laborers, but inevitably there arise the problems associated with trade unions: the strike, the slowdown, the jurisdictional dispute, the closed shop, and, most important, the regulation of trade union activities by the civil government. In the modern world, with its Wagner Acts, its National Labor Relations Boards, its strikes, its secondary boycotts, and the whole crazy quilt of federal and state statutes, to see the trade union as anything but organized violence is preposterous. The trade union movement is now and has been for four decades or more (in some nations) a monopolistic creation of the political authorities which achieves its goals by the creation of artificial barriers to entry into the labor markets by private citizens. This is the economics of trade unionism, and economics is precisely what Prof. Redekop assiduously avoids.

According to the editor, the twenty-six essays were contributed by people

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\*Written by George Schuyler, the Negro conservative, it never even mentions Christianity or religious principles.

representing "almost as many shades of Christian persuasion" as there were contributors (7). Who are the contributors? Trade union organizers, politicians, sociologists, newspapermen, a director of the Urban League, one businessman, and a graduate student. Mostly politicians and labor union officials. So what do we read in the opening essay by T. C. Douglas, a national leader of Canada's radical New Democratic Party? "The essence of industrial relations is conflict. It is a confrontation in which the workers through their collective economic power seek to wrest from the employer what they deem a fair share of the wealth they helped to create." The old Marxist song and dance, but this time smuggled in under the cloak of Christianity. The economic fact is just the reverse: workers are in competition with other workers, and businessmen are in competition with other businessmen. Therefore, the "collective economic power" of the union members is directed against all those who would voluntarily work for less, and who are now forced to accept employment in their second (or lower) choice of occupation. The state, writes Douglas, must intervene, putting the workers on an equal footing with industry, and also preventing "industrial conflict from doing irreparable damage to society as a whole." In short, the violation of the concept of an independent sphere of economics is exactly what is required.

Thus it is with the heirs of the Anti-Revolutionary Party: they are now members, as Rushdoony has remarked, of the Semi-revolutionary Party. In the name of the independent sphere laws of society, the Dooyeweerdians wind up subjecting every sphere to compulsory statist financing (in journalism, in the schools) and compulsory statist power. Then they find that freedom disappears. That is why there is a market for books like this one: the Dutch tradition puts the organization of Christian trade unions so high on its list of priorities. Naive Dutchmen wind up being sold the philosophy which Groen van Prinsterer started out to counter. By failing to keep the state completely out of education and labor relations, the founders of the Anti-Revolutionary Party, including Kuyper, compromised the most fundamental of all political-economic principles: he who pays the piper calls the tune. If the paying party is the state, the independence of the spheres cannot possibly be kept alive.

Harry W. Flannery, a UCLA instructor of industrial relations and a founder of the Catholic Labor Institute in Los Angeles, informs us that "Strikes induce resolutions of long-standing disputes. They sometimes clear the air, and high productivity often follows a settlement" (34). Yes, indeed; so does the successful completion of a contract by Murder, Inc. Violence pays: this is the message of Mr. Flannery. Violence and minimum wage legislation (31). Therefore, "we must be even more zealous in the cause of social justice" (37).

"In view of the facts," writes Sam Jenkins, the former president of the Marine Workers and Boilermakers Industrial Union in Vancouver, "it is hard to understand why the labor movement is held in such contempt by so many Christians. . . . The trade union movement is doing a job that should have been an integral part of the total work of the Christian church all along: looking after man's natural, bodily needs" (60). Charity apparently involves the organized coercion of political power; the church—the orthodox church—has not been willing to promote trade unions, and therefore it has not followed Christian principles. Why does a man join a union? Simple: "to give a helping hand to those exploited by society . . ." (61). He never mentions the fact that after taxes, corporate profits on invested capital in the United States (and in most nations) are only about 10 to 12 percent. Ah, what exploitation! Criminal! Immoral! Unchristian! What, then, is your moral duty as a Christian? "If you are working in a plant where a union has been



certified by the government as the majority representative of the employees [50 percent plus one vote], then you have a duty as a Christian to make a contribution to the support of that union . . ." (64). You can run against the leadership if you don't like it. We should follow the lead of Jesus Christ, who "had his own Medicare plan—he healed the sick, he had his own social welfare plan—he fed the multitudes" (65). Indeed, He did; as the Lord of creation, absolute sovereign of the universe, He exercised His power, but not with the coerced taxes of others. And when the masses lined up and hailed Him their messiah and king—breadlines for all, forever!—He turned them down. They then crucified Him. Christians "must be willing to let others stand on their left, because most of them are so far to the right that no one could possibly get farther to that side. The left is the only place where there is room" (67). Nevertheless, he concludes, "There is absolutely no justification in Scripture for the church's position" (67). Frankly, I am not sure which church he means. The conservative churches are so pietistic that they say nothing, and the rest think just the left-wing, statist way that Sam Jenkins does.

What does Gerald Vandezande, Executive Secretary of the Christian Labor Association of Canada, think? He sees that the state has granted monopoly power to today's secular trade unions. He sees that the strike is a form of violence. He sees that secular trade unions are based on the idea of class conflict. He opposes compulsory unionism (102-03). What, then, are we to do about this? We are to become "ambassadors of reconciliation, not apostles of revolution" (106). But what specifically are we to do? What is the Christian answer? He does not say. A 28-page essay which criticizes the secular order, yet its only recommendation is the right of Christian workers to organize Christian unions and avoid paying dues to secular unions. This is the "program." Like virtually the whole of the Dooyeweerdian movement, there is no doctrine of concrete biblical law guiding any of the specific proposals, and the proposals, when they are not simply guild socialism jazzed up by a few catch words ("sphere sovereignty," "power word," "structural criticism," "direction of faith"), are simply empty. "Our appeal is to Christians to see the life of man, of the community, of the world in its totality. It is our communal privilege to engage in the most serious search for radical remedies" (116). Verbiage. No content informs us of what we are to do. The endless "search for radical remedies" must continue, and when we find them—we never really do find them—they are the policies of guild socialism, *circa* A.D. 1000. Meanwhile, the Marxists and revolutionaries have a program.

Prof. Redekop says that "All too often in years past the organized church has tolerated or even promoted a crude and unfair *laissez-faire* individualism without any significant concern for justice" (252).<sup>\*</sup> Here we go again: *social justice!* "Most of what unions undertake to do even in our own day, including bargaining for compensation, is not only legitimate but commendable" (252). Racial discrimination, nepotism of the most blatant kind, violence, paint bombs thrown in the night, shouts of "scab!," the elimination of other workers' opportunity to bid for jobs by agreeing to work for less: these are infrequent aberrations, no doubt. It is a shame that Prof. Redekop has ignored the message of Prof. Petro's *Power Unlimited: The Corruption of Union Leadership* (Ronald Press, 1959), or the scholarly collection of essays, *The Public Stake in Union Power*, edited by Philip D. Bradley (University of Virginia Press, 1959). These trade union activities are not aberrations; they are the very heart of state-enforced, state-"regulated" unionism. He asks, oh so very neutrally, "Should Christians accept scab jobs?" (Well, now that you put it *that* way. . . .) Should Christian businessmen hire strike-

<sup>\*</sup>Editor Redekop is also the author of *The American Far Right*.

breakers? Can they legitimately fire those who walk off the job? "In this area, I believe each case must be evaluated on its own merits, and perhaps the most unchristian stance is to be totally rigid" (259). In short, who knows? There are no guiding principles.

This kind of Christianity is *socially antinomian*. It is totally hypocritical. It comes in the name of Christian scholarship—bold new ways of looking at social problems—and it produces a mouse. The revolutionaries and statisticians know exactly what they want, and their essays are concrete in approach. The goal is political power and wealth redistribution. But the Dooyeweerdians are mealy mouthed, vague, and filled with feelings of love. Yet they criticize pietists for not taking a forthright stand. And they criticize conservative churches for taking a stand in favor of *laissez faire* (meaning the free market). Thus, pietism is defined as anything that does not spout endless platitudes about "continuing reformation," while simultaneously continuing to be eternally vague and "undogmatic" in its policy recommendations.

Hedrick Hart, one of the darlings of the Toronto branch of the Dooyeweerdian movement, informs us: "All revolutionary movements of the day that have their roots in Marxism have the advantage of being the only significant movements putting their finger on the rottenness of our civilization. If the Church is not strong enough to listen to these movements and learn from them, it does not have the strength to live any more" (294). That is one nice thing about Hart: he refuses to let a fear of exaggeration get in the way of his social analysis. And as for economic analysis, I defy the reader to make any sense out of the following:

When price competition as a proper economic concept has invaded the entire structure of our society, we must challenge the very basis of that society and not spend our time disputing a mere mechanism of economic life. When the safety of my transportation is subservient to the competitive features of my car, the process of alienation has taken a turn from which a re-turn seems almost impossible [291].

This man, you understand, is considered to be one of the most brilliant and intellectually rigorous of the whole neo-Dooyeweerdian movement. This is "reformational Christianity" at its pinnacle of relevance!

Because these so-called reformational Christian groups have no doctrine of biblical law—indeed, reject the idea that revelation should provide the content of social analysis in concrete cases—they are as pietistic as the antinomian fundamentalists. They are antinomians, pure and simple—antinomians with footnotes and Ph.D's in sociology.

Gerard Dion, an ordained priest, uses the language of orthodoxy and promotes relativism with a vengeance. It is all rhetoric, but we are supposed to accept his words as being Christian, even as Aaron told the people of Israel, after he had constructed the altar for the golden calf, that "Tomorrow is a feast to the LORD" (Ex. 32:5b). We are compelled, say the antinomians, to respect them as Christian. In a word: baloney. Anyone who could write the following garbage is an atheist, i.e., he despises the revelation of God:

Faith demands from the Christian union leader that he recognize the relativity of earthly things at the same time that he proclaim the value of mankind. Faith obliges him to work to achieve communion among men as well as the transformation of society. For him who possesses faith there is only one absolute: God. All the rest is relative. . . . God is not a tyrant who crushes man, depersonalizes him, makes a slave of him, or, in different terms, alienates him. On the contrary, God demands only love, a love that makes man a participant in God's divine nature. . . . From the point of view

of Christianity, all men participate in the divine life because they are brothers of Jesus Christ. . . .

The relativity by which he sees all human institutions must not lead the Christian to an attitude of disdain or indifference. Far from it. The believer appreciates the value of such human creations, but he knows also that they are continually changing because they do not fully bring justice to all men. In striving to unite the work of creation and redemption, the Christian union leader cannot be a defender of the status quo. He can never be satisfied with institutions as they exist nor with the organization of social relationships: there is always room for improvement, transformation, or even radical changes. Using a fashionable word, we may say that he is by nature a rebel [333-34].

Total relativism on earth, and total criticism because earthly institutions are imperfect. Imperfect compared to what? Why, compared to God, the only absolute, in whose divinity all men participate! The new god of humanity—the religion of humanism—will transform all things in a never-ending process of social change. This is Hegelianism without a dialectic, Darwinism without genetic mutations. It is the religion of Satan.

If anyone wonders why Eerdmans refuses to publish new orthodox books, but insists on spewing forth tripe like *Labor Problems in a Christian Perspective*, I have an answer: It conforms to the theology of Eerdmans' editors, and it turns a fast buck in the "evil, price competitive, impersonal" market place. There are buyers for these books! The appalling thing, however, is that orthodox Christians are told to sit back and listen to such drivel in silence, for the sake of "our Christian brothers." On the contrary, a church or Christian organization which does not launch a full-scale purge against anyone who argues along the lines set forth by Gerard Dion is spiritually dead or morally impotent. Come out from among them; better yet, kick their tails out from among us. The quicker, the better.

The final essay in the book is a Dooyeweerdian entry. It is the whipped cream on the mud pie. Richard Forbes, a free-lance writer, writes about "The CLAC: A Novel Approach." The CLAC is the Christian (i.e., Dutch) Labour Association of Canada. The essay is the usual Dooyeweerdian critique of pragmatism and Marxism, with nothing but empty platitudes to substitute for the rival forms of humanism. Pragmatism means those who would use the trade union movement to gain more income for trade union members. (Unspiritual, crass materialism, says the Dooyeweerdian.) The Marxists are those who would use the trade union movement as a means of overturning society. (A rival religion, say the Dooyeweerdians.) In preference to this, let the workers eat verbiage:

The real issue at stake, as the CLAC posits it, is which ultimate value-commitment and which theoretical model of that commitment shall inform organized labor's view of the structure of human existence, of the institutions of contemporary society and their relationships as they affect mankind, and of the working man [348].

This is great stuff, if you are a free-lance writer, an unemployed but parentally subsidized graduate student, or an assistant professor in sociology. But to think that it is going to cut any ice with pragmatists, Marxists, or anyone who has not attended a Christian Reformed college, is ridiculous. "Room to serve God, Maker of Heaven and Earth! CLAC says that when the jobs, structured antinormatively by the present system, crowd a man's life into a corner, these jobs obscure his true humanity" (362). Huh?

But where are the principles of organization, the goals, the limits set on state intervention, the policies toward those business men who would, on the basis of the

right of private property, require that all employees sign a contract promising not to join any labor union? Is the so-called "yellow dog contract" somehow immoral? Should it be made illegal? Where are the "normative structures" that are permanent guides to labor union activity? Where in the Bible is there an example of labor union activity? Is it not the right of the employer to pay whatever he wants to anyone who voluntarily chooses to work at that wage, as Matthew 20:1-16 absolutely affirms? "Proof texting, proof texting!" cry the Dooyeweerdians, for the heart of their social program of reformational Christianity is the Christian labor union and the state-subsidized Christian school.

A Christian labor union might be able to provide certain kinds of services. It could have prayer meetings, promote evangelism, provide insurance policies at low rates, have social activities for families, raise money for all kinds of charities. But from an economic point of view, the noncoercive labor union has only one major function: the provision of information of alternative employment opportunities. Workers may have an incentive to point out to employers that other firms pay more. The economic system benefits because more accurate information has been provided to workers and owners. But apart from this limited economic role, the labor union as an *economic* factor is, by definition, an agency of coercion. It is today a state-enforced agency of wealth redistribution. To spend time worrying about the verbiage-laden nature of the "normatively structured" Christian labor union indicates a psychological separation from reality that would be amusing if it were not so pathetic. The incredible idea that the neo-Dooyeweerdians are providing the only serious Christian alternatives to humanism—an idea which is becoming widespread on American Christian college campuses—is nothing short of fantastic. Open up a Dooyeweerdian sphere, and every time you will find it either empty or filled with some version of baptized humanism or guild socialism. The only thing that will not be inside is anything that might be favorable to the free market.

*The Moral Alternative to Socialism*, by Irving E. Howard.\* Suite 1000, 230 N. Michigan Av., Chicago, Il., 60601: Citizens Evaluation Institute, 1971; 216 pp., \$4.25 (paperback).

Reviewed by GARY NORTH

Prof. Howard, who holds the masters degree in business administration, is also a convinced Christian. His book is an introduction to economic principles, but each section is presented in terms of a biblical quotation. Throughout the book, he refers back to the biblical principles that made possible the coming of free enterprise and long-term economic growth. He also makes clear the paradox of Deuteronomy 8: When men accept the blessings of a Christian moral order but forget the God who set forth the first principles, their wealth shall be taken from them. "Sustained economic progress has a spiritual origin" (25).

Howard is a biblical *a priorist*. "You do not 'prove' the existence of God. You start with Him or you never start at all, and the believer, once having started, knows whom he has believed" (11). He therefore builds on the premises and insights of biblical faith. "Are the observed regularities in economic phenomena evidences of economic laws beneath the surface of things—which are indeed 'laws of God'—or are the observed regularities merely statistical averages, coincidental

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\*A revision of *The Christian Alternative to Socialism* (1966).

happenings without meaning?" (15). This is a crucial epistemological question, and he asserts unequivocally that the regularities stem from the nature of the creation and God's providential rule over His creation.

The only alternative to this belief in the modern world is the belief in Darwinian evolution. The world is the product of random changes and random genetic mutations that make possible one species' survival rather than another's. The world is not going anywhere because there is no such thing as teleology in Darwin's impersonal universe of chance. While Spencer and Sumner believed that Darwinian principles of the survival of the fittest—a meaningless tautology which Spencer first introduced to Darwin in 1866, seven years after the first edition of *Origin of Species*\*—would serve as a foundation for economic law, these principles did not survive. "Social Darwinism" was buried in the ashcan of meaningless evolutionary history—an idea that became extinct. It was replaced, Howard points out, by the systematic socialism of Darwinian planning. Lester Frank Ward, a prominent sociologist of the turn of the century, reversed the premises of Social Darwinianism. "He found that it implied an amoral universe in which power alone rules. Natural selection by the survival of the fittest may be true enough in nature, but since man is rational, Ward reasoned, he can rise above nature and, by using government, improve upon natural selection" (12). This perspective has been triumphant in the modern world, on both sides of the Iron Curtain, because intellectuals, as elitists (191), prefer to think that they can direct the evolutionary forces of nature. Keynesians and Marxians both reject the open competition of free men as a means of achieving economic progress. "If man is an animal in an amoral universe, why should not the government plan for him?" (29).

Ownership is based on the Christian idea of personal stewardship and responsibility before God (38ff.). Each man has a divine calling before God (44ff.). Urban renewal is a form of theft (61). "Filling out a tax form cannot fulfill the commandment to love one's neighbor!" (63). Advertising is a means of reducing costs by widening the market and making mass production techniques possible. It is an economic application of Matthew 5:15: "Neither do men light a candle, and put it under a bushel, but on a candlestick; and it giveth light unto all that are in the house" (80). The root problem of inflation is the moral condition of the people (89). As for trade unions, Christian or secular:

How does the market determine wages? In a free market, wages are determined by the value of the product which the last worker hired produces for his employer. All workers in a given category being interchangeable, the amount paid to the marginal worker will determine the wages of all the workers in that category. If the wage rate goes above the value of the marginal product, the employer will reduce the number of employees until he reaches the margin at the higher wage rate. If wages fall the employer will hire more workers until he reaches the margin at the lower level of wages. Hence employment is a function of the level of wages. To increase employment one must reduce wages. [Or, he could have added, increase the marginal productivity of labor, but this means new technology and new capital, especially the latter.] . . . A careful analysis would find that the greatest single cause of unemployment is a wage rate held artificially high by labor unions and government coercively obstructing the market mechanism. We either let the market work or be forced to the totalitarian alternative [127-28].

This is economic analysis, not the inflated verbiage (devoid of analysis) and catchy slogans like "radically new spiritual direction," "normatively structured,"

\*William Irvine, *Apes, Angels, and Victorians* (New York: McGraw-Hill, 1955), p. 171.

or "realization of one's mannishness." Labor unions achieve higher-than-market wages only by reducing the number of employees available to work, thereby reducing industrial output.

The book is not without its flaws. He is opposed to Old Testament law as a guide to contemporary legislation. "To attempt to write Christian ethics into law is to destroy the Christian ethic for what ever is compelled is no longer a moral choice" (96). But law is *always* based on ultimate religious values. Just as we choose either the market or the state as the guiding influence over economic production, so we must choose which legal structure to adopt. There is no middle ground of neutrality. Furthermore, he rewrites Jesus' confirmation of the Old Testament view of predestination: "In Jesus' hands, the Old Testament doctrine of the sovereignty of God became a warm, personal faith in the providence of God" (107). This willful separation of Christ from the Old Testament has been going on since the days of Marcion in the second century, and it has inevitably led to a misreading of Jesus' own words. Why did He speak in parables, the disciples asked Him. In order that many would not understand His words, He replied; otherwise, they might hear His message and repent (Matt. 13:10-17). He cited Isaiah 6:9-10 as confirmation of His selective predestination. (St. Paul followed His lead in Acts 28:26-27.) The disciples' "warm, personal faith in providence" included the understanding that providence was working eternally against many.

Another weakness of the book is the author's insistence that Jesus always spoke to the individual, never to the political order: "His focal point was always upon the individual rather than the group" (106). But Jesus was the supreme combination of prophet, priest, and king, and the message of the Old Testament prophets was far more often directed to the group than to individuals. The doctrine of the covenant was social as well as individual. Jesus affirmed this principle when He drove the moneychangers out of the temple—an affront against the established order—and when He told the chief priests and the elders of Jerusalem that the kingdom would be taken from them and given to a *people* who produce its fruits (Matt. 21:43). It can also be translated as "a nation" (*ethnei*). This is a collective concept, and the leaders of Israel understood it as such. He was challenging their biblical authority to rule over the people of the covenant.

On the whole, however, the book is far superior to anything being produced by new Dooyeweerdians and the old social gospel advocates. By tying his economic analysis directly to biblical quotations, the author avoids many of the pitfalls of autonomous intellectual speculation. The fact that this kind of work has been out of favor for three centuries has made it difficult for Christian economists to catch up. The division of intellectual labor is nil. A whole new field is ready for the reapers.

*Mises Made Easier*, by Percy L. Greaves, Jr. P.O. Box 298, Dobbs Ferry, N. Y. 10522: Free Market Books, 1974; 157 pp., \$6.

Reviewed by GARY NORTH

Only in recent years has the academic community begun to acknowledge the existence of a large body of economic thought which is generally known as the Austrian School of economics. The founders of this school of thought were Austrian scholars of the late nineteenth century—Menger, Böhm-Bawerk, and Wieser—and their work was carried on in this century by Ludwig von Mises. With the recognition accorded to Mises' most famous student, F. A. Hayek, when the latter won

the Nobel Prize in economics in 1974 (primarily for his early work, the Committee said, which meant his popularizations of Mises' theoretical insights and applications of Mises' principles), the Austrian School's few remaining academic representatives have become a bit more optimistic. In the summers of 1974 and 1975, symposiums of pro-Mises scholars have been held on the East Coast, and there are signs that a younger generation of American scholars—quite tiny, of course—may now be able to find outlets for their publications. Not many outlets, however.

One of the difficulties in wading through the writings of Mises, especially his monumental book, *Human Action*, is the plethora of historical allusions, untranslated phrases, odd usage ("praxeology," "catallactics"), technical phrases, and a lengthy section on epistemology which introduces *Human Action*. Few buyers of the book ever seem to be able to wade through it, although Mises' prose, though Germanic, is in English, unlike the mathematical treatises of the modern economics profession. Rothbard's *Man, Economy and State* (1962) was a major attempt to simplify and organize Mises' ideas in a more readable format, and in general it was successful in serving as an intelligent introduction. But that did not solve the problem of mastering Mises' allusions and untranslated phrases, and his technical terms are easy to forget between readings.

Mises' devoted student, Percy Greaves, has come to the rescue with *Mises Made Easier*, which is a glossary for *Human Action*, but which also cross references his other major English language books. His familiarity with Mises' writings is matched by no other person, apart from his wife, Bettina Bien Greaves. He attended Mises' graduate seminar at New York University for nineteen consecutive years, which must be some kind of record. Of all the Mises' followers, Greaves deviates from the master's teachings less than any of the others, so his comments are reliable. He is not trying to reform Mises, rewrite Mises, make Mises more precise, or in any way add his own thoughts to Mises' outline. Such slavish devotion to any man's thoughts has drawbacks, but not where introductory handbooks are concerned.

Anyone who has invested money in accumulating Mises' books should have Greaves' book on his shelf in order to simplify the difficult passages. It is a kind of commentary, dictionary, and concordance, all wrapped into one volume. Students especially should own and use the book, since the possibility for becoming discouraged with *Human Action* is very great, as I learned when I first bought it. I did not return to it until after I had read Rothbard's *Man, Economy and State*. With Greaves' book, I might have been able to complete my goal much earlier.

*The Economics of Property Rights*, edited by Eirik G. Furubotn and Svetozar Pejovich. Cambridge, Mass.: Ballinger, 1974; 367 pp., \$19.50.

Reviewed by GARY NORTH

The two greatest drawbacks of this book are its price and the difficulty of pronouncing the editors' names. The third drawback, which is aesthetic, is the fact that this outrageously expensive book does not have justified margins, which means that it has the appearance of a nicely typed Ph.D. dissertation. Unfortunately, this development is becoming common within the scientific publishing world. Ballinger specializes in scientific publishing.

The contents, however, are excellent. The whole question of the economics of property rights and costs has been the source of recent ingenious and productive insights on the part of numerous economists, many of them at or influenced by the

University of Chicago. The influence of R. H. Coase, Harold Demsetz, Henry Manne, and Armen Alchian, all of whom have selections reprinted in this volume, has been considerable. *The Journal of Law and Economics*, published by the University of Chicago, has become the most readable, intelligent, and free market-oriented of all the English language scholarly economics journals, and the overwhelming bulk of this journal has been devoted to questions concerning property rights.

The editors have selected some of the classics in the field, including R. H. Coase's pioneering article, "The Federal Communications Commission" (1959), a critique of the idea of the necessity of federal regulation of the airwaves. Why not sell the right to use radio and television frequencies to the highest bidder, thus creating a free market for the ownership of these frequencies? Why grant a political monopoly to the existing networks or independent owners who got political access to their titles of ownership so many years ago? Regulation has led to economic inefficiency and waste by creating the illusion of a "free" good—the airwaves.

Henry Manne's delightful essay, "The Parable of the Parking Lots," follows Coase's lead. He tells the fictitious story of how a group of dissatisfied owners of parking lots gain a monopoly of parking spaces. They called in the government to "upgrade" the quality of parking lots by making illegal the "unprofessional" owners who had rented their driveways or front yards to those seeking parking space on the day of the "big game." Long lines of cars subsequently appeared in front of auto parks, traffic jams resulted, people arrived late at the game, prices rose (restricted supply of *legal* empty space), and cars were continually lost. The system had bugs, everyone admitted, but these would soon be ironed out. Unfortunately, things did not improve, and "the only bug ironed out was a Volkswagen which was flattened by a careless lot attendant in a Cadillac Eldorado." Employees became more surly. People started riding buses (now subsidized by a federal grant). Then the university, under pressure from students, dropped football and converted the field into a park for underprivileged children. Parking lot profits collapsed. Everyone looked to the city council for a solution. So far, there hasn't been one.

The book includes sections on private property rights and economic behavior, the state and property rights assignments, and chapters dealing with planning: capitalist, Soviet, and "market socialist." The majority of the articles are written in English, although a few are written in mathematics. The old rule we used in graduate school holds up very well in selecting which articles will be mathematical: if the professor is an oriental, from India, or from central Europe (indicated by your inability to pronounce his name), avoid the course unless you have a minor in mathematics or statistics.

This book has been priced to sell to libraries. Hopefully, once they have bought the books now on the shelf, and Ballinger has recouped its expenses, the company will issue it as a "low cost" paperback—\$7.95 or under—and it can be assigned to graduate students. It is a book which would be very useful in a seminar in economic theory or in comparative economic systems. The essays are first-rate, and the editors have selected them with the intention of putting together a book which can stand as a coherent unit, rather than the usual hodge-podge which characterizes most anthologies drawn from the scholarly journals. The editors have succeeded in their task. Now, if the fellows in Ballinger's marketing division will just read the book and grasp the capitalist concept of price competition, more potential readers will be able to benefit from the editors' labors.



*Russia Under the Old Regime*, by Richard Pipes. New York: Charles Scribner's Sons, 1974; xxii and 361 pp.; \$17.50, hardback; \$6.95 paperback.

Reviewed by ROUSAS JOHN RUSHDOONY

Richard Pipes, professor of Russian history at Harvard and director of the Russian Research Center, has written a work of value not only to historians but to economists, theologians, political scientists, and sociologists, and also to the general reader.

His study is an answer to the question: Why did Russia succumb to the totalitarian order of the Marxists? The answer, he finds, lies in the very different concepts of property and power in Russia, concepts held in common with ancient Greece, the Mongols, and others. The ruler's property rights extended over the entire state: property and power coincided, in that the ruler was the effectual property owner of the realm. The growth of the tsar's power was by virtue of a steady extension of property, so that his landed possessions finally included all of the realm and its peoples. The realm was the personal patrimony of the ruler. Whereas in Western thought a legitimate king was one who respected the property rights of his subjects whereas a despot did not, in Russia the property rights of the tsars included all the land and the people. His control over them was thus not despotism in the same sense; it was autocratic power.

There was an absence of the Western ideas of vassalage and contract, and hence an absence of liberty in any but an anarchic sense, for, as Pipes notes, "liberty not grounded in law is incapable of evolution and tends to turn upon itself; it is an act of bare negation which implicitly denies any mutual obligation or even a lasting relationship between human beings" (p. 51). As a result, law had a different development in Russia. Thus, Prof. N. M. Korkunov held that "the main function of law in that country was not so much to enforce justice as to maintain order." Count Beckendorff, chief of the Secret Police under Nicholas I, put it more plainly: "Laws are written for subordinates, not for authorities" (p. 290). There was thus no independent judiciary: "justice was a branch of the administration, and as such its foremost concern was enforcing the government's will and protecting its own interests" (p. 288).

Conscription, a major aspect of statism, developed in Russia much earlier than its supposed origin in the French Revolution (p. 122). This was not surprising. "Until the middle of the seventeenth century, Russians had no notion of either 'state' or 'society'" (p. 127). Everything belonged to the ruler, and the independence of various spheres was a foreign notion. With Peter the Great and Catherine the Great, the dismantling of the patrimonial structure was systematically undertaken, and in large measure the Russian Revolution is a dismantling of their work. However, after 1762, the Russian monarchy, creating a bureaucracy to move the country ahead, "became in large measure the captive of groups which it had originally brought into existence" (p. 138).

The development of Russia was further paralyzed by the basic doctrinal position of Russian Orthodoxy that Christianity is a creed of resignation. "Orthodoxy considers earthly existence an abomination, and prefers retirement to involvement" (p. 221). The result was that supercelestial thought led to subterranean behavior, Pipes notes. "It can hardly be otherwise since anyone who renounces involvement in life is without principles to guide him whenever life compels him to become involved" (p. 222).

Pipes's analysis of the inability of an independent middle class to develop is especially telling. Linked to it is the fact that, whereas in the West cities were

centers of commerce and had a freedom of their own, in Russia cities were centers of administrative controls—control of commerce as well as all things else. In the West, the cities of the bourgeoisie became centers of freedom, enjoying rights not shared by the rural population, and centers of resistance to royal encroachment. In Russia, the cities were centers of administrative power, not of liberty. The idea of private property was thus weak, and the trust in a centralist power, strong. The dreams of radicals in nineteenth-century Russia, and in the Revolution of 1917, were thus reactionary; they called for a return to the autocracy which the tsars were slowly altering and relaxing. Thus Bazarov, in Turgenev's *Fathers and Sons*, held that "in a well-constructed society it will be quite irrelevant whether man is stupid or wise, evil or good" (p. 277). That dedication to a "well-constructed" social order, rather than to freedom, is the basis of the modern police state and Soviet tyranny and terror.

The Soviet regime is thus the ultimate in a reactionary regime, in a hostility to freedom, in a belief that the state has total property rights in all people, things, buildings, and lands. It is the negation of Western civilization.

This is a study of exceptional merit and is strongly recommended as important to an understanding of an important aspect of the modern world. It is also highly readable. Too many historians are so unwilling to make a statement someone might disagree with that, with all kinds of hedging, their sentences say nothing. Dr. Pipes has much to say: he says it concisely, clearly, and ably.

## CHALCEDON PUBLICATIONS

ROUSAS JOHN RUSHDOONY

*Biblical Philosophy of History* (148 pp.). History is meaningless and ultimately unexplainable apart from the decrees of a sovereign Creator. Criticism of the various alternative theories: evolution, cycles, Marxism, non-theistic conservatism, historicism, relativism.

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*Foundations of Social Order* (232 pp.). Subtitled, "Studies in the Creeds and Councils of the Early Church," it deals with many of the heresies of the early Christian centuries that are with us still. They all have one point in common: a doctrine of Christ's subordination. By compromising either His divinity or His full humanity, these heresies led to the substitution of the state or the church as man's only link to God.

*Freud* (69 pp.). A well-documented study of the writings of the famous psychologist. Freud attempted to relegate guilt into the realm of biology and science, so as to deal with it apart from Christian or other openly religious categories. Science is to save man, assuming anything can—and Freud was not certain that anything can. Much of our contemporary social legislation is an outgrowth of Freudian concepts.

*Institutes of Biblical Law* (890 pp.). A massive study of the meaning, history, and contemporary implications of biblical law. All laws in the Bible, argues the author, can be subsumed under one of the ten commandments—case law applications of the Decalogue. Over 3,000 scripture references are indexed. Numerous references are included from the basic rabbinical literature, including the Babylonian Talmud.

*Intellectual Schizophrenia* (133 pp.). An introductory study on education. All education is ultimately moral and religious, since all human standards involve a concept of law. The attempt to fuse secular concepts of man and Christian education has led to our contemporary intellectual schizophrenia. No such fusion is possible between utterly conflicting world views. Secular, “neutral” state education is, by definition, the established church of the religion of humanism.

*Law and Liberty* (152 pp.). A short, popular survey of some of the topics covered in detail in *The Institutes of Biblical Law*: authority, chaos, evolution, magic, the family, property, government, Marxism, and parenthood.

*Messianic Character of American Education* (410 pp.). An in-depth study of over two dozen key thinkers who were the founders of progressive education in America. Its thesis is that progressive education is a religion and, as in all true religions, its goal is world transformation. The book also includes a section of biographical and bibliographical data on the various figures.

*Myth of Over-Population* (56 pp.). A survey of literature, both scholarly and popular, dealing with the question of the population explosion. The conclusion: secularism, government intervention, and urbanization have combined to reduce agricultural production and subsidize the least productive citizens. The goal of the anti-population prophets is to control the most basic of all capital resources: human beings.

*Mythology of Science* (134 pp.). There can be no thought—let alone scientific thought—without ultimate intellectual presuppositions. Thus, all claims of neutrality are mythical and misleading. Modern science is founded upon the doctrine of the autonomous universe and the autonomous human mind. It therefore becomes enmeshed in the great intellectual paradox: total impersonal determinism vs. total chance and randomness. Without the doctrine of creation and the doctrine of the Trinity, no science is possible; secular science borrows Christian premises in order to function at all.

*Nature of the American System* (181 pp.). A compilation of essays dealing with American constitutional, intellectual, and religious history. Chapters on Fisher Ames and Alexander H. Stephens restore these

two neglected figures to their proper place in American history. Chapters on the "religion of humanity"—Unitarianism—and the United Nations indicate the drift toward revolution and government control. "The Conspiracy View of History" is also treated carefully.

*The One and the Many* (388 pp.). A history of a long-neglected and absolutely critical philosophical question: unity vs. diversity, monism vs. pluralism, totalitarianism vs. anarchy, monotheism vs. polytheism. Secular thought has been unable to solve the problem and so ignores it as a basic problem. The answer is the Trinity: one God, three persons. It is the philosophical foundation of Christian reconstruction.

*Politics of Guilt and Pity* (371 pp.). The first truly serious and thoroughly theological explanation of the necessity of Christian conservatism. God alone is sovereign; all secular attempts to augment the powers of the civil government beyond the biblical definition of government—as defined by Old Testament and New Testament law—will result in tyranny. Men will be "saved" by statist law rather than by God's grace.

*This Independent Republic* (172 pp.). A revisionist history of the foundations of early law. The American Revolution was a Christian counter-revolution against the illegitimate extension of parliamentary power into the affairs of the colonial parliaments, i.e., the legislatures. It refutes the oft-repeated claim that Deism had an impact on the public writings of the founding fathers.

*Thy Kingdom Come* (256 pp.). "Studies in Daniel and Revelation" demonstrate that the prophetic sections of the Bible were optimistic with respect to the external, visible triumph of God's church and Christian institutions prior to the visible return of Christ in glory. Men are therefore called to reclaim God's earth and exercise dominion over the creation to the glory of God. Christian faith is the opposite of neoplatonic, pietistic retreat.

GARY NORTH

*An Introduction to Christian Economics* (412 pp.). An attempt to rethink economics in terms of explicit biblical revelation. The focus of the book is on monetary policy: inflation, its consequences, and how to defend oneself against it. In addition, it provides an outline of Old Testament and New Testament teachings on property, stewardship, and ownership. It also contains chapters on socialist planning, women's liberation, bureaucracy, urban renewal, and property taxes.

*Marx's Religion of Revolution* (253 pp.). An in-depth study of Marx's philosophy, sociology, and economics. It demonstrates that the over-

riding concern of Marx was revolution, which served in his system as an alternative to personal salvation and Christian reconstruction. His system was self-contradictory at point after point, but all inconsistencies were subordinated to the idea of revolution.

GREG BAHNSEN

*Theonomy in Christian Ethics* (forthcoming). A defense of the applicability of Old Testament law for New Testament ethics. Apart from God's explicit, revealed law system, all ethical systems become graveyards. The civil magistrate is therefore compelled to enforce biblical law; political life is theonomic in character rather than autonomic.

BOLTON DAVIDHEISER

*To Be as God* (41 pp.). Modern science has abandoned the traditional idea of the quest for knowledge. Instead, it has turned to a quest for power. Men seek to become creator gods. Dr. Davidheiser's study focuses on the biological sciences.

ELIZABETH FELLERSEN (editor)

*Toward a Christian Marriage* (43 pp.). Five essays on the theological meaning of marriage. Aimed at the layman; useful for classes in marriage counseling.

FRANCIS NIGEL LEE

*Communist Eschatology* (1201 pp.). A massive, exhaustive study of the eschatological vision of Karl Marx, Engels, and Lenin. It argues that this optimistic vision of ultimate triumph has been successful in winning converts precisely because of men's faith in its inevitability. Christians need therefore to reaffirm the original optimism of the apostles and the prophets if they are to escape the tragedy of cultural impotence and irrelevance.

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# THE MINISTRY OF CHALCEDON

[Pr. 29:18]

Chalcedon [kalSEEdon] is a Christian educational organization devoted exclusively to research, publishing, and to cogent communication of a distinctly Christian scholarship to the world at large. It makes available a variety of services and programs, all geared to the needs of interested laymen who understand the propositions that Jesus Christ speaks to the mind as well as the heart, and that His claims extend beyond the narrow confines of the various institutional churches. We exist in order to support the efforts of all orthodox denominations and churches.

Chalcedon derives its name from the great ecclesiastical Council of Chalcedon (A.D. 451), which produced the crucial christological definition: "Therefore, following the holy Fathers, we all with one accord teach men to acknowledge one and the same Son, our Lord Jesus Christ, at once complete in Godhead and complete in manhood, truly God and truly man. . . ." This formula challenges directly every false claim of divinity by any human institution: state, church, cult, school, or human assembly. Christ alone is both God and man, the unique link between heaven and earth. All human power is therefore derivative; Christ alone can announce that "All power is given unto me in heaven and in earth" (Matthew 28:18). Historically, the Chalcedonian creed is therefore the foundation of Western liberty, for it sets limits on all authoritarian human institutions by acknowledging the validity of the claims of the one who is the source of true human freedom (Galatians 5:1).

Christians have generally given up two crucial features of theology that in the past led to the creation of what we know as Western civilization. They no longer have any real optimism concerning the possibility of an earthly victory of Christian principles and Christian institutions, and they have also abandoned the means of such a victory in external human affairs: a distinctly biblical concept of law. The testimony of the Bible and Western history should be clear: when God's people have been confident about the ultimate earthly success of their religion and committed socially to God's revealed system of external law, they have been victorious. When either aspect of their faith has declined, they have lost ground. Without optimism, they lose their zeal to exercise dominion over God's creation (Genesis 1:28); without revealed law, they are left without guidance and drift along with the standards of their day.

Once Christians invented the university; now they retreat into little Bible colleges or sports factories. Once they built hospitals throughout Europe and America; now the civil governments have taken them over. Once Christians were inspired by "Onward, Christian Soldiers"; now they see themselves as "poor wayfaring strangers" with "joy, joy, joy down in their hearts" only on Sundays and perhaps Wednesday evenings. They are, in a word, pathetic. Unquestionably, they have become culturally impotent.

Chalcedon is committed to the idea of Christian reconstruction. It is premised on the belief that ideas have consequences. It takes seriously the words of Professor F. A. Hayek: "It may well be true that we as scholars tend to overestimate the influence which we can exercise on contemporary affairs. But I doubt whether it is possible to overestimate the influence which ideas have in the long run." If Christians are to reconquer lost ground in preparation for ultimate victory (Isaiah 2, 65, 66), they must rediscover their intellectual heritage. They must come to grips with the Bible's warning and its promise: "Where there is no vision, the people perish: but he that keepeth the law, happy is he" (Proverbs 29:18). Chalcedon's resources are being used to remind Christians of this basic truth: what men believe makes a difference. Therefore, men should not believe lies, for it is the truth that sets them free (John 8:32).

