

# BIBLICAL ECONOMICS TODAY

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## ECONOMICS: BIBLICAL VS. SECULAR

by Gary North

### The Hope of Unity

It is a matter of historical record that the science of economics has been the creation of theological apostates and atheists. Even in the very early years of the science's development, during the seventeenth century, the writers most responsible for establishing the terms of economic discourse did so consciously as "neutral" investigators. They did their best to keep their discussions free of theology, precisely so that they could gain a hearing by those who were members of rival churches. (On this conscientious, systematic attempt to purge economics of theology, see William Letwin's book, *The Origins of Scientific Economics* [1963].) Even if we date the beginning of economics with the late-medieval scholastics, especially the Spanish "School of Salamanca" (as Margorie Grice-Hutchinson does), we still find that these theologians were using the hypothetically neutral logic of Aristotle to defend their advocacy of free markets.

David Hume, whose influence on Adam Smith was very great, was a philosophical skeptic. Smith himself was a Deist, a Scottish moral philosopher who relied on supposedly neutral human reason to make his cases, both economic and moral. The economists of the nineteenth century were generally agnostics (Jewish and Christian), never theologically inclined, frequently Darwinian, and almost always utilitarian in their defense of markets. This has remained true in the twentieth century. F.A. Hayek, for example, is devoting the remaining years of his life to a study of what he regards as one of the most important intellectual questions of all time: How did man, who was a selfish animal wandering alone or in small packs, ever develop the idea and institutions of a market? The slow evolution of man out of the jungle somehow made a huge leap of progress—a discontinuous leap—into civilization with the idea of voluntary exchange, in contrast to war and conquest. Hayek has always been an evolutionist, and now, at the end of a successful intellectual career, he has decided to concentrate on the relationship between evolution and economics. He is spending his time mastering a whole new field for him, cultural anthropology. In short, his religion is showing. For anyone who ever read his works carefully, it always has.

Religion is seen by atheists and skeptics as a permanent barrier between men. Religious ideas cannot be fused. They cannot be compromised. There is no common ground of appeal by which differences may be reconciled. It is the faith of skeptics, agnostics, and non-Marxian atheists that reason, the arbiter of all human thought, is of one piece. It is the post-Kantian religious commitment of rationalists to believe that the human mind is basically a universal constant. It is the quest for constants, in terms of this one Constant, that has beguiled economists for two centuries.

Professor George Stigler of the University of Chicago, one of America's more influential teachers, writes: "The reason for assigning such an austere role to economics is this: it is the fundamental tenet of those who believe in free discussion that matters of fact and logic can (eventually) be agreed upon by competent men of good will, that matters of taste cannot be reconciled by free discussion. Assuming this to be true, it is apparent that if value judgments were mixed with logic and observation, a science would make little progress." (Stigler, *The Theory of Competitive Price* [Macmillan, 1942], pp. 15-16.) Hayek has stated something very similar: "Yet if we have not convinced them [interventionist economists], the reason must be that our arguments are not yet quite good enough, that we have not yet made explicit some of the foundations on which our conclusions rest." (Speech in *What's Past is Prologue* [Irvington, N.Y. Foundation for Economic Education, 1968], p. 41.) Why is it, then, that Stigler, a radical empiricist (facts-to-theory logic) and Hayek, a logical deductivist (theory-leads-to-properly-interpreted-facts logic) cannot agree about the proper role of theory, not to mention monetary policy? And why can't either of them seem to convince Keynesians concerning the evils of State regulation? And why can't all of them convince the socialists about the benefits of private ownership? And why can't all of them convince the Marxists that revolution is not the way to achieve economic utopia? **Because all human thought is religious, and inescapably value-laden.** There is no neutral logic, no zone of common ground, no all-encompassing human logic to which all parties can appeal a decision. In short, there is not now, nor has

there ever been, nor shall there ever be unity—moral, intellectual, cultural, philosophical—among the rationalists in general or the economists in particular.

### Restraints on Reason

The mind of man is capable of extraordinary feats. The ability of men to link the intricate logic of mathematics (almost an artistic process) and the observed regularities in the external world is nothing short of a miracle, a fact admitted by Nobel Prize-winning physicist, Eugene Wigner ("The Unreasonable Effectiveness of Mathematics in the Natural Sciences," *Communications of Pure and Applied Mathematics*, Vol. 13 [1960], pp. 1-14). Yet at the same time, the ability of men to get lost in incomprehensible, inapplicable, totally hypothetical mental universes has been demonstrated for millennia. The most erudite, incomprehensible debates of medieval scholastics—all forgotten, all covered with the dust of history—were in no way more complex, more hypothetical, or more useless to life than any issue of *Enonometrica*, the mathematically oriented economics journal. In fact, a game is played by editors of these academic journals. They cannot read the articles that appear in their own publications, and they generally hire professional mathematicians to check the accuracy of the symbolic logic of the essays. (John Kenneth Galbraith, who unfortunately writes bad economics in superb English, let this academic cat out of the bag: *Economics, Peace, and Laughter* [New American Library, 1972], p. 44n.)

The inescapable epistemological problems of all human thought bedevil economists, except that economists seldom consider basic questions of epistemology. "How can I know?" is not a popular question among economists, especially the mathematically inclined economists. The reality of Kurt Goedel's theorem, that no system of human reasoning can be simultaneously consistent and complete, has seldom bothered economists, although it has confounded the best theoretical physicists and mathematicians of the world. How can reason check reason's errors? How do we appeal to a "highest" reason? How are the observed data of the external world — if there really is an external world — be interpreted accurately by the logic of the mind? Are the facts distorted by the very process of filtering them in observation? Why should mathematics relate to the external world? Is there such a relationship, or are we fooling ourselves (Hume's ancient challenge)? **How can we know for sure?**

Because men's minds are so creative in their flights of fancy, including fancy and fanciful mathematics, they lose their balance. But how are we to discover balance? What is balance? What is an unbalanced mind? We may be able to recognize an unbalanced equation, but can we recognize an unbalanced application of a balanced equation in the real world of human action? And by "we," I mean all ra-

tional observers in a particular academic discipline. Given the demonstrated inability of academicians to agree about anything except the need for more pay, fewer classes, and larger pensions, we have reasons to be skeptical.

Reason, in short, is not the judge of the universe. Nor is chaos. Nor is evolution by means of natural selection. God is the judge. Through His written revelation of Himself, His law, and His creation, He has provided Christians with the criteria of balance. He has enabled us to ask the proper questions concerning scarcity, the limits of the State, the nature of debt, the lawfulness of just weights and measures, the immorality of monetary inflation, the requirements of warfare, and so forth. We can have balanced analyses because we have revelation-restrained minds.

### Common Grace

We can use the discoveries of atheistic economists, just as we can use the discoveries of atheistic physicians, chemists, biologists, and physicists. We dare not use them unselectively. In fact, we cannot use anyone's discoveries unselectively, since all human thought involves selection and evaluation. The question facing us as Christians is this one: What criteria must we use in a faithful selection of ideas? What standards should we use to sift the wheat from the chaff in economics? The answer should be obvious, although in our era apparently it isn't: the Bible. We need to immerse ourselves, as decision-making economic actors, in the economics of the Bible and the economics of hypothetically neutral rationalism. We need to weigh the economics of rationalism in the balance. But we need to know which questions to ask, and what kinds of answers God's law provides. To serve as judges, we need to know God's law. We are to serve as judges (1 Corinthians 6). Our days on earth are to prepare us for judgment, as both recipients and dispensers of judgment.

Atheists have discovered important facts. They are created beings working out God's cultural mandate (Genesis 1:28; 9:1-7). They have been restrained in the rebellion of their own speculations. They have discovered truths, despite their official relativism and denial of permanent truth. We must now take their work and put it to effective use in every area of life. Economics, on the day of judgment, will be Christian economics and only Christian economics. Between now and then, it is our task to restructure our economic theories and observations, so that when that final day arrives, what we have produced in the name of Christ in the field of economics will bear a close resemblance to what God announces as valid economics, by which our actions will be judged. There is progressive sanctification in the field of economic theory and practice, just as there is in every other area of life.

# AMERICA AND THE UNDERDEVELOPED WORLD

Tom Rose

There is a growing body of literature that berates Americans for their high standard of living while so much of the world lives in poverty. The thrust of this literature is that it is decidedly immoral for Americans to enjoy expensive automobiles, spacious homes, nice clothes, and good food in the midst of the dire poverty that many people in "Third World" countries (the Less Developed Countries) must endure.

"Is it not immoral," the authors of this literature ask, "for Americans to enjoy so much when others have so little? Look at all the energy we consume with our air conditioners, big cars, and high style of living! Aren't we taking an unfair share of the earth's limited resources?"

Within the last few years a number of Christian writers have also taken up the banner of the LDC's. One such writer, for instance, charges America and other Western nations with unfair trade practices. Not only does the West supposedly erect trade barriers to keep out manufactured goods from the LDC's — thus keeping them as suppliers of raw materials — but we refuse to pay them "fair prices" for the raw materials we do buy. Finally, it is claimed, we charge "excessively high prices" for the manufactured goods we sell.

The Christian critics, and the secularly oriented activists from whom our Christian brethren get their theme, have suggested various plans of action:

1. Live the simple life, they say. Sell your large home. Move to a smaller one, an old house that you can fix up. Sell your car. Use a bicycle or walk. Live in a Christian commune where costs and appliances can be shared.

2. Take affirmative action: Give political support to increase foreign aid (except military aid) and funds given to world relief organizations like the United Nations. Support private secular and Christian relief groups. Boycott and apply political pressure on large corporations whose policies take "unfair advantage" of the poor in LDC's. Strive for political and economic reform in countries whose "militaristic regimes" abuse and grind down the poor. [One Christian writer, for instance, mentioned (on the same page!) the countries of Chile, South Korea, Cambodia, and South Vietnam. Chile and South Korea were charged with having military regimes that torture and grossly maltreat their citizens. But **nothing** was said about the mass genocide and inhuman subjugation imposed by the bloodthirsty communist regimes in Cambodia and South Vietnam! This discriminatory and shocking obtuseness to blatant moral evil of the grossest sort only serves to make knowledgeable people question the critic's orientation and motives.]

What is the proper attitude for serious-minded Christians to take concerning poverty and starvation in the LDC'S? And what can Christians constructively do to alleviate and cure the problem?

I think it is necessary to dismiss the guilt feelings conjured up by these critics. No doubt some of our Christian

critics are honestly motivated, but they seriously err in at least two respects:

1. They have accepted the fallacious assumption held by humanistically oriented secular critics that the world is endowed with virtually infinite quantities of time, but only a finite amount of natural resources, and that these resources are being quickly and irretrievably "used up" by the more advanced nations. Inherent in this assumption is a non-biblical view of the sovereignty of God. Secular critics, in their denial of a purposive and sovereign Creator, are blind (Rom. 1:21) to the fact that God has blessed the earth with untold riches. All that is necessary to release this vast storehouse of riches is for men to be free, so they can fulfill their economic mandate to "replenish the earth and subdue it" (Gen 1:28).

The "scarcity of resources" fear is but a figment of humanistic man's imagination. It is the result of his rebellious, God-denying world-and-life view. The problem of poverty (scarcity of resources) can be solved by following God's admonition, spoken through His servant Moses, "Let my people go, that they may serve me!" (Ex. 8:1). Let us not forget that the **obstacle** to the God-serving freedom of which Moses spoke was a civil tyrant, Pharaoh, the ruler of Egypt. And the problem today, some 3,400 years later, remains the same. Men will prosper economically when the civil authority or every nation is relegated to its biblical role — not of being a central planner and developer of "national programs" designed to build Utopian societies — but of simply maintaining law and order so men can freely engage in mutually benefiting economic exchange. The inescapable fact is that most civil governments in LDC's are busily erecting centrally controlled economies and following policies which deny freedom to the masses. Thus, man's natural impulse to produce economically is thwarted instead of being stimulated.

2. The other respect in which Christian critics of "the good life" err is that God **means** for His people to enjoy abundant economic blessings if they but follow His word: "And Abram was very rich in cattle, in silver, and in gold" (Gen. 13:1). "And David made him houses in the city of David. . ." (1 Chr. 15:1). (See also Deut. 28:1-14). Are we to believe that God's blessings should be eschewed as long as people in other nations are in want?

Voluntary sharing, i.e., charity in the name of Christ, is indeed called for, and Christians everywhere should be called on to supply the need of those stricken with poverty. But the **main objective** is not the relief of poverty, as such, but to bring honor and glory to Christ Jesus our Lord. Nowhere does the Bible ever hint that the relief of poverty should be handled in the sphere of civil government. Thus, charitable work **cannot** and **should not** be handled by tax generated funds — and especially not by God-denying institutions like the U.N. Christians should indeed extend a loving hand of help, but the hand of help must be accom-

panied by an arm of instruction that points the way of righteousness so that the **causes** of poverty can be eliminated. The problem of the LDC's is basically **spiritual**.

The people of **all** nations, believing or apostate, are called upon to bow to the rule of the one true God: "Fear before him, **all** the earth. the world also shall be stable, that it be not moved" (1 Chr. 16:30). Note the promise included in the above mandate. The Lord has created a world of cause and effect. The people who believingly submit to the rules that God has instituted (in short, the Law and the Prophets) will prosper. Those who don't will be cursed spiritually, politically, and economically (See Deut. 28:15-48).

At one time the American colonies were what could be called a developing nation. They started at a **much lower** economic level than present LDC's. How did **they** fight poverty and hunger? Our forefathers did it by adhering to God's Law. They established social institutions that conformed to God's Word to protect life, liberty, and property. This created a potentially profitable economic climate that attracted risk capital from Europe. Interest rates and earned profits on foreign capital were high, but the left-over domestic fruits were even greater. In general, the LDC's of today are following **perverse** policies which undermine private ownership, profit incentives, and the dignity of the individual. (The latter is exemplified in land policies which tend to dispossess and cut the masses off from economic

access to land.)

What, then, is the answer? If American Christians voluntarily elect to "lead the simple life" as a means of personal penance, this will do no harm. (Neither will it reduce poverty and hunger overseas.) The biblical answer to economic development is to preach the whole Gospel of Christ and to teach heathen nations to forsake their ungodly ways by conforming their personal lives and social institutions to God's Word. This calls for Christian missionaries whose gospel preaching will change lifestyles and social institutions. Food unaccompanied by the Gospel and a call to repentance will only allow existing God-denying lifestyles and institutions to continue. (Take India, for example, which is blessed with millions of acres of unused arable land and millions of cattle which could be eaten.) Men everywhere must turn to the one true God. Then, and only then, will the root problem of hunger and poverty be attacked. We live in a God-created world of cause and effect. Men cannot escape from having to live out the economic and social consequences of their theology.

For because ye did it not at the first, the Lord our God made a breach upon us; **for that we sought him not after the due order.**

— 1 Chr 15:13

(For further reading, see Prof. P.T. Bauer's book, *Dissent on Development*, Harvard University Press, 1972.)

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