

BIBLICAL ECONOMICS TODAY

Vol. III, No. 5

©Institute for Christian Economics, 1980

Oct./Nov. 1980

THE GROWTH OF HUMAN CAPITAL

GARY NORTH

And he [God] brought him [Abram] forth abroad, and said, Look now toward heaven, and tell the stars, if thou be able to number them: and he said unto him, So shall thy seed be. And he believed in the Lord; and he counted it to him for righteousness (Gen. 15:5-6).

The word of the Lord came to Abram in a vision, saying: "Fear not, Abram: I am thy shield, and thy exceeding great reward" (Gen. 15:1). Abram's response is illuminating. After learning of his covenantal protection (shield) by God and his reward from God, Abram immediately asked for more. What is significant is that he asked about his lack of children. "And Abram said, Lord God, what wilt thou give me, seeing I go childless, and the steward of my house is this Eliezer of Damascus? And Abram said, Behold, to me thou hast given no seed: and, lo, one born in my house is mine heir" (15:2-3).

Abram's candid response reveals that he knew a great deal about biblical covenants. He knew that the protection and favor of God accompany a calling before God. This meant that Abram's capital assets would now be administered within an explicit covenantal framework. Who, then, would be the heir of these assets? Who would carry on the faithful administration of Abram's capital? Abram clearly understood the long-term nature of property under a covenant. Capital is to be used faithfully, expanded, and directed into the hands of one who will continue the faithful administration of the assets. Capital is therefore family capital. This trans-generational responsibility required that someone else in Abram's house would have to be trained for long-term capital management—management in terms of a theocratic covenant. Who should it be? Eliezer, the Damascan? Was this the person God had chosen to continue the faithful administration of Abram's capital?

Abram was already a man of great wealth (Gen. 13:2) and leadership abilities (14:13-24). Nevertheless, he was not yet a Patriarch, in a culture which placed high esteem on family authority. For any future-oriented Old Testament saint, the office of father was a cherished one indeed. As far as Abram was concerned, his lack of an heir was cause for great concern. What was the meaning of God's covenant with his household if he had no son or daughter?

God answered his question with a promise: his seed would be as numerous as the stars visible in the heavens (15:5). Abram believed God, and it was counted to him for righteousness (15:6). The promise also involved the future acquisition of land to serve as a home for his heirs (15:16). Both promises were fulfilled in Joshua's day. Seventy of his direct descendants went into Egypt, and 600,000 men, plus their families, emerged at the exodus (Ex. 12:37). Moses was specifically told that this was the fulfillment of God's promise to Abram concerning the expansion of his seed, for the Israelites were "this day as the stars of heaven for multitude" (Deut. 1:10; cf. 10:22).

The promised land was also significant in terms of the covenant: Abram's heirs would not always be strangers in another land, as Abram was, nor would they forever live as pilgrims. Strangers seldom exercise long-term dominion over whole cultures, except in cases of military conquest, and empires inevitably fragment when the centralized political sovereignty can no longer enforce its decisions at the extremities of the empire, or even inside the capital city. Nomads do not build civilizations, either, and God did not intend His people to remain pilgrims forever. They had a final destination, a land to subdue.

Children were important to Abram, not merely because of the cultural standards of the Canaanitic tribes that surrounded him, but because of several distinctly theological reasons. **First**, the gift of children was important for the preservation of the covenant line prophesied by God to Eve (Gen. 3:15). It seems quite probable that Abram knew about this prophecy to Eve (Jn 8:56). **Second**, the task of cultural dominion was (and is) intimately linked with the expansion of human numbers (Gen 1:28; 9:1). **Third**, a man's heirs—intellectual, spiritual, and biological—are part of his concern for linear history. This is not to say that other cultures besides the Hebrews did not hold children in high esteem, but the concern of these pagan cultures was not with linear history. The Greeks and Romans held male children in high esteem for a distinctly religious reason: the sons were family priests who alone could administer the family's rites, century after century. Should these rites be abandoned by any son, and not renewed by his son, then the family's long line of ancestors would be left to roam the shadows of the nether world in darkness. The concern of classical religion was therefore limited to future family rites, not long-term covenantal dominion. There was an inherent past-orientation in classical religion, for it was to bring peace to one's ancestors, and to guarantee one's own peace in the afterlife, that one needed male heirs. Future generations were therefore important for the sake of long-dead ancestors.

The Hebrews, in stark contrast to classical religion, looked to the future. The covenants of the past were important, but not for the sake of the past. They demonstrated God's personal concern with, and commitment to, a special people selected by Him to perform important tasks in history. The covenants of the past were tokens of victory in the future. The psychology was altogether different from the dominant themes of classical religion. Eve was to look to the future, for her seed would battle the serpent's seed. Noah was given hope: no future deluge would destroy his heirs. Abram was promised a nation out of his loins; his name was changed by God to Abraham, "father of nations," when God announced the nature of the covenant (17:4-5). This covenant included the promise of the land (17:8). All of these features of the covenant related to God's original covenant of dominion. The sure nature of God's word secured

the future to Abraham's descendents. The covenant of dominion would be extended by a new, as yet unborn, nation. **The faith of the Old Testament saints was to be in linear, irreversible historical development, controlled by God.** Men and women were to play an important role, in time and on earth, as parents. This work has meaning because of God's covenants and requirements.

Part of Job's testing was the loss of all his children (Job 1:18-19), as well as the loss of his material wealth (1:14-17). His blessings consisted of the restoration of his wealth beyond what he had possessed before (42:12), as well as the birth of ten children (42:13). As a final gift, he was granted a long life (42:16-17). In short, he was given the capital needed to begin once again to exercise dominion over the earth as a godly family man: **tools, children, and time.**

Children are basic to the covenant and a sign of God's unmerited favor to man: "Lo, children are an heritage of the Lord: and the fruit of the womb is his reward" (Ps. 127:3). Children are blessings—not blessings in disguise, but blessings—within the framework of the covenant of grace. The broader covenant of dominion also implies that children are a blessing in time and on earth, since men and women are told to reproduce, and obedience involves blessings. The all-inclusive nature of the covenant of dominion does not mean that the **element of cursing, on the day of judgment, has been overcome merely by the willingness of people to have large families.** But in time and on earth, children are a blessing.

The growth of his family, resulting in millions of descendents, was unquestionably basic to the Abrahamic covenant. As far as Abraham was concerned, the modern ideal of zero population growth would have been an acceptable one. . . for the Canaanites. The promise of ultimate victory in Canaan necessitated the extermination and expulsion of the enemies of God from the land (Gen. 15:16, 18-20; Ex. 23:31; Josh. 21:44). When the Israelites had left Egypt, they were given a special promise by God: their covenantal faithfulness would result in a society without miscarriages, either of animals or humans. In the same breath, God promised them long life: "... the number of thy days I will fulfill" (Ex. 23:26b). The "old folks" would be allowed to get even older. The earth would therefore be filled and subdued by covenantally faithful people far sooner. When you lower the death rates of infants by eliminating miscarriages, and you simultaneously lower the death rate of adults, you create ideal conditions for an historically unprecedented "population explosion." Yet this was the promise of God to a people who had just undergone the most rapid expansion of population in recorded human history.

The Decline of Canaan

The fulfillment of the covenant was inescapably linked to the decline of influence in Canaan of the ungodly. As the numbers of the faithful increased, the ungodly would decrease. This was basic to the Abrahamic covenant, as well as to the revelation presented to Abraham's descendents immediately prior to the military invasion of Canaan (Deut. 1:10). God preferred the expansion of man's numbers and man's dominion in comparison to the dominion over the land by the wild animals (Ex. 23:29-30), but He much preferred the expansion of His special people and their dominion over the land instead of the continued dominion by the Canaanites.

It is indicative of the widespread secularism and defeatism in late-twentieth-century Western culture that population in the industrial states has slowed down radically. French population growth has been slow since the middle of the nineteenth century, increasing by about 41 percent from 1861 to 1974 (37 million to 52 million). Ireland, after the devastating famines of the 1840's, became Europe's only zero population growth state. In fact, Ireland's population actually shrank, from 8 million in 1841 to 6.5 million in 1851, and from there to about 4.5 million (counting the population of Northern Ireland, which is part of Great Britain today) in the early 1970's. Ireland, however, has remained an essentially agricultural nation, and France was far more agricultural after 1850 than the other Western European industrial nations, which did experience population

growth in the same period. The Netherlands grew from 2 million in 1816 to 3 million by 1849, and by 1975 the population was well over 13 million. In 1871, Germany had some 41 million; by the mid-1960's, the combined populations of East and West Germany were in the range of 73 million. Where European industrialization flourished, 1850-1950, there was considerable population growth.

A shift has begun to catch the attention of the demographers, the specialists in population changes. After 1957, the birth rate in the United States began to plunge. The fertility rate in 1957 was 3,767 births per 1,000 women, meaning that the average woman was bearing almost four children in her years of fertility. By 1975, the fertility rate had fallen to about 1,800 per 1,000 women, or 1.8 children per woman. Since the replacement level of population in the United States is 2.1 children per woman (because some children do not bear children), the United States is no longer reproducing sufficient children to replace the parents when they die. This is the lowest birth rate in United States history. It is a prosperity-induced slowdown, in contrast to the 1930's slowdown, the years of international economic depression. The percentage of women in the U.S. labor force has risen continuously, so that 45 percent of American workers were women by the mid-1970's.

West Germany is facing the same problem. The fertility rate has fallen to about 1.65 children per woman. Some 9.8 babies are born per 1,000 inhabitants, in contrast to 14.7 in the United States, 18.2 in the Soviet Union (if their reported statistics are to be trusted, which is doubtful), and 13.6 in France. The German birth rate fell by a startling 50 percent from the mid-1960's to the mid-1970's. At present reproduction rates, the 60 million West Germans will continue losses in total population until extinction is reached around 2500 A.D.

The Eastern European nations are experiencing similar declines in births. In Hungary, there are 150 abortions for every 100 births. With the exception of Romania, where abortions were outlawed in 1966, the Soviet-bloc nations have all experienced falling births. Only East Germany, aside from Romania, is experiencing an increase, as a result of major shift in government policy in 1976, and the beginning of a program offering substantial maternity benefits. East Germany had the lowest birth rate of all the Soviet-bloc nations in 1976, and it was by far the most industrialized.

The growth of population in the rural, underdeveloped nations is continuing at an estimated rate of 2 percent per annum. This means that by the year 2010 A.D., there will be about 8 billion people, unless death rates increase, or birth rates fall, or both. This is an increase of over 114 million people per year, net. The headlines blaze the message: "The World's Biggest Problem." A Library of Congress Congressional Research Service report, which is periodically updated for use by Washington legislators, announces: "Responsibility for world population control rests with the whole world community." What does this mean? That a world government should control people's decisions to have children? That some international committee should establish guidelines? Is such a goal feasible in the real world? Should it even be considered? What are the implications for the growth of the messianic State?

What we find, then, is that the optimistic future-orientation of Western industrial populations, 1850-1960, had important effects on the growth of population. Now, however, that confidence is fading, along with birth rates. The present-orientation of young couples who delay having children for the sake of higher present income is creating a demographic disaster for the State-created retirement programs, since not enough young workers will be able to fund them by the year 2000, and certainly by 2020, unless birth rates increase, or unless the older generation is systematically exterminated by the young in a program of euthanasia.

The American Social Security system was doomed, statistically, from the very beginning. Those who entered the system at the beginning, in 1937, paid in \$30 per year (maximum bracket), and their employers paid in \$30. By 1989, unless the 1978 revision of the tax schedule is altered, each worker will pay a maximum of \$3,560, and his employer will match this payment.

Of course, many families have two members in the work force, so the family payment may be more. The very first lady to receive a Social Security check, Ida Fuller, retired in 1940, after having paid in \$22.54. She died in 1975 at age 100. Her total benefits exceeded \$20,000. She was a winner. The taxpayers paid her winnings. Ironically, it was 1975 that marked the first year of a deficit in the Social Security program.

Government officials assure voters that all benefits will be paid. This is either a mistake, a lie, or else the economy will collapse under the tax burden. If the program is not officially abolished, it will mean the destruction of the American dollar. This was admitted by James Cardwell, then the director of Social Security, in response to a statement by Senator William Proxmire, in 1976. This exchange took place:

PROXMIRE. . . There are 37 million people, is that right, that get social security benefits.

CARDWELL: Today between 32 and 34 million.

PROXMIRE: I am a little high; 32 to 34 million people. Almost all of them, or many of them, are voters. In my State, I figure that there are 600,000 voters that receive social security. Can you imagine a Senator or Congressman under those circumstances saying, we are going to repudiate that high a proportion of the electorate? No.

Furthermore, we have the capacity under the Constitution, the Congress does, to coin money, as well as to regulate the value thereof. And therefore we have the power to provide that money. And we are going to do it. It may not be worth anything when the recipient gets it, but he is going to get his benefits paid.

CARDWELL: I tend to agree.

Underdeveloped nations have received Western medical aid, which has enabled far more infants to survive. Also important is the use of wire-mesh screens for windows and doors. The commitment to larger families has not been dislodged in these populations, yet far fewer children must be born in order to have several of them to survive into adulthood. So the underdeveloped societies have become the short-run beneficiaries of the West's technology, yet without the attitudes that enabled the West to expand agricultural and industrial productivity to accommodate the increased number of surviving youths. The result is a large increase of population. The socialistic envy-dominated underdeveloped nations, without Western freedom and without Western attitudes toward thrift and capital accumulation—the old Protestant ethic—now face a demographic crisis. Will famine eventually strike these societies? It seems quite likely from the perspective of those living in the 1970's.

Biblical economics affirms that children are a blessing, since they are a form of personal capital. Men are to become effective stewards of God's resources. They are to invest in their children by constantly training them in the precepts of biblical law (Deut. 6:7). They are to encourage them to take up a productive calling before God. But parents are entitled to a return on their investment. Children are supposed to provide for their parents in the latter's old age. Parents are therefore to be honored (Ex. 20:12). Honoring God involves giving of one's financial substance (Pr. 3:9). Parents are also deserving of just this kind of honor. Jesus strongly criticized the Pharisees of His day for their denial of this law, in the name of tradition. They refused to support their parents by claiming that they were themselves without assets, having "given to God" all that they had (Mark 7:6-13). This "higher spirituality" in defiance of God's law was repudiated by Christ. Children must support aged parents. The parents get the financial security they deserve; their investment in their children is returned to them in a direct fashion. This increases the likelihood that parents will honor their obligations while their children are young. The family becomes a trans-generational economic unit—one worth investing in.

Population Growth and Economic Growth

James A. Weber's book, *Grow or Die!* (1977) serves as a compelling, lucid antidote to the zero-growth advocates, such as E.J. Mishan and Garrett Hardin. He cites the remark of Alfred

Sauvy, director of the Institut de Demographie at Paris University and the past president of the United Nations Commission on Population. Sauvy writes that a "stationary or very slowly moving population does not benefit enough from the advantages of growth. There is no historical example of a stationary population having achieved appreciable economic progress. Theoretically, it is not impossible, but in practice, in our period especially, it does not happen."

Simon Kuznets, the distinguished economist and winner of the Nobel Prize in economics in 1971, has devoted his career to a series of studies of national income: its formation, statistics, and consequences. In an important essay published in 1960, Kuznets made some pertinent observations. There is an important relationship between people's faith in the future and high birth rates. "Contrariwise, a constant or slowly growing population is implicit evidence of lack of faith in the future." Kuznets warns against relying on what we can see—the limits of material resources—to the exclusion of those factors which we cannot yet see, such as human creativity. As he writes, "there is no excuse for the consistent bias in the literature in the field, in which the clearly observable limits of existing resources tend to overshadow completely the dimly discernable potentials of the new discoveries, inventions, and innovations that the future may bring. Perhaps only those who are alarmed rush into print whereas those who are less concerned with the would-be dangers are likely to be mute."

Thus, concludes Weber, we should not look at a zero population growth society as beneficial. "This is not to say that there are no disadvantages to population growth. To increase population obviously requires that an 'investment' be made in more children, more new people. And, as with any future-oriented investment, this means that a sacrifice involving more work or less consumption or both must be made today in the interests of achieving greater population growth tomorrow. Conversely, if all children below working age suddenly vanished today, we could all immediately enjoy the 'advantage' of consuming more and working less tomorrow, although the achievement of such an 'advantage' would obviously be short-sighted as well as short-lived." The modern Pied Pipers, our zero population growth and negative population growth (i.e., contraction) advocates, seem to ignore the long-run implications of their policies. When they retire, to live off of their government subsidies (e.g., Social Security payments), they will be grateful for whatever younger workers and taxpayers who are still willing and able to support them. "Honor thy father and mother" is a meaningless phrase in a world without children. Why not encourage more children to do the honoring?

Subduing the Earth

There is a continuing relationship in the Bible between seed and subduing. Genesis 1:28 commanded mankind to be fruitful and multiply (seed) and to subdue the earth. After the fall of man, God's covenantal promise to Eve involved her seed: hers will bruise the head of the serpent's heirs (Gen. 3:15), and His curse on Adam involved the ground and his efforts to subdue it. The importance of genealogies in Hebrew culture was based on this promise to Eve: tracing the covenant line and the lines of those who had become the seed of Satan. The covenant with Noah repeated the command to be fruitful and multiply and replenish the earth (Gen. 9:1), and God told Noah that the animals would fear man from that time on: "into your hand they are delivered" (9:2b). Furthermore, "Every moving thing that liveth shall be meat for you; even as the green herb have I given you all these things" (9:3). Again, the earth's fruits belong to mankind. Abraham received two promises, the promise of a land (12:1) which would be given to his seed (12:7). Here would be a land for Abraham's seed to subdue to the glory of God. God promised David both seed and a permanent throne, the symbol of dominion. Speaking of Solomon, God said: "He shall build an house for my name, and he shall be my son, and I will be his father; and I will establish the throne of his kingdom forever (I Chr. 22:10). Psalm 89 is even more explicit: "I have made a covenant with my chosen, I have sworn unto David my servant,

Thy seed will I establish forever, and build up thy throne to all generations. Selah" (3-4). Again, "His seed also will I make to endure forever, and his throne as the days of heaven" (29). The ultimate fulfillment of this promise came with Jesus Christ.

And the angel said unto her, Fear not, Mary: for thou hast found favor with God. And, behold, thou shalt conceive in thy womb, and bring forth a son, and shalt call his name JESUS. He shall be great, and shall be called the Son of the Highest: and the Lord God shall give him the throne of his father David: And he shall reign over the house of Jacob forever; and of his kingdom there shall be no end (Lk. 2:30-33).

It is Jesus Christ, the "seed born of a woman," who is the recipient of, and fulfillment of, the promises. It is Jesus who finally announces, "All power is given unto me in heaven and in earth" (Mt. 28:18).

Christ has total power today. He is steadily subduing His enemies. This is why Paul could write to the Roman church, "the God of peace shall bruise Satan under your feet shortly" (16:20a). We believers are now the seed of Christ: "And if ye be Christ's, then are ye Abraham's seed, and heirs according to the promise" (Gal. 3:29). The church is the Israel of God: "And as many as walk according to this rule, peace be on them, and mercy, and upon the Israel of God" (Gal. 6:16).

What does it mean, to be heirs of the promise? Are we to receive everything apart from any conditions? In the area of justification, all is by grace (Eph. 2:8-9), but sanctification is equally by grace: "For we are his workmanship, created in Christ Jesus unto good works, which God hath before ordained that we should walk in them" (Eph. 2:10). Both sanctification and justification are unearned gifts of God, in the sense that both are freely bestowed by God. Nevertheless, the grace of God was operating in the Old Testament era; justification was by grace in that era, and so was sanctification. What, then, is the source of our external blessings? **Sanctification**, the progressive disciplining of ourselves and our institutions to conform to God's criteria of righteousness. We are His seed; we are therefore to subdue the earth. The seed-subduing relationship still exists. As we exercise godly dominion in terms of the concrete standards of biblical law, we are given greater quantities of resources. We are to use these resources as a means of extending God's visible kingdom even farther. We are to subdue those institutions that are under our authority, even as we are to subdue the lusts of the flesh in our own personalities. We are heirs of the promise, and we must be heirs of the inheritance. We are the Israel of God, and we are under the same requirement to subdue the earth to the glory of God, and to subdue it in terms of His revealed standards of righteousness. God's work done in God's way: here is our covenant of dominion. Here are our marching orders. We are under a sovereign Commander-in-Chief. We have assignments, conditions to meet; as we meet those conditions as faithful subordinates, we will receive promotions individually, and we will be victorious, in time and on earth.

The external blessings of God are offered in response to society's external, covenantal conformity to the standards of biblical law (Deut. 8; 28). These blessings include the expansion of inanimate capital goods (Deut. 8:7), wealth in livestock (Deut. 8:13), and food (Deut. 8:8-9a). The promised expansion also applies to human capital, namely, children. The clearest statement of this principle of growth is found in Deuteronomy 28: "Blessed shall be the fruit of thy body, and the fruit of thy ground, and the fruit of thy cattle, the increase of thy kine, and the flocks of thy sheep" (vs. 4). By calling into question the lawfulness and benefits of an expanding population within a godly culture, the advocates of zero population growth thereby challenge the whole concept of the covenant of dominion. They simultaneously challenge the validity of the covenant of grace, which is the theological foundation of a society's partial fulfillment of the covenant of dominion. It is not surprising that the intellectual

leaders of the zero population growth movement in the late twentieth century have inhabited the temples of secular humanism in all their tenured safety, namely, the universities. Ironically, zero population growth is the primary economic threat to those employed by the universities, since a reduced birth rate inevitably reduces the applications for admission to colleges two decades later. The only way to "stay even" is to lower the academic standards of the university and admit students who would never have qualified had there been an increasing number of available applicants. In other words, the success of the academic proponents of zero population growth in convincing educated members of the public to have fewer children leads to a deterioration of academic performance by future users of university services, not to mention the eventual dilution of quality in the faculties themselves. God will not be mocked at zero cost to the mockers.

Growth and Final Judgment

Unquestionably, nothing can grow at a constant rate of increase forever. The effect of "positive feedback," meaning compound growth, is to push life against the inescapable limits of the environment. If, for example, the population of the world in the 1970's, some 4 billion people, were to increase at 1 percent per annum for a thousand years, the world's population in human beings alone—not to mention the supplies of beef or other animals to feed them—would be over 83 trillion. Either the rate of increase slows eventually to zero, or less, or else we run out of time. But this is precisely the point: **exponential growth, meaning compound growth, points to a final judgment, the end of time:** If the growth process is God-ordained in response to a society's covenantal faithfulness, then the day of judgment should become the focus of men's concern and hope. History is not unbounded. The zero-growth advocates assume that resources are finite, that history is indefinite, and therefore growth has to be called to a halt eventually. The Christian response is different: **growth is legitimate and possible, resources are indeed limited, and therefore the end of history will arrive before the growth process is reversed**, assuming society does not first return to its ethically rebellious ways, thereby bringing on temporal judgment (Deut. 8: 19-20; 28:15-68). Any attempt to challenge the ethical legitimacy and economic possibility of an epoch of long-term compound growth that is the product of God's external blessings for covenantal faithfulness is nothing less than paganism. Such an attack is based on a philosophy of history which is unquestionably pagan, either cyclical time or unbounded temporal extension. The goal of both views of history is the same: to deny the possibility of an impending final judgment. Compound growth points to final judgment, so humanists are faced with a major problem: either the growth must stop or history must end, and most Western humanists in positions of academic, economic, or political responsibility are afraid or unwilling to admit the existence of this dilemma. They want endless progress and growth, and the "numbers"—compound growth rates matched against finite resources—testify to the impossibility of achieving both goals. A few have become zero-growth advocates; most simply prefer to ignore the problem.

Christians who have not been influenced strongly by contemporary humanism should answer: let us have ethical conformity to God's law, let us have the external blessings (including larger families) that are promised by God in response to ethical conformity, let us extend regenerate mankind's dominion across the face of the earth, and let us pray for final judgment and the end of the curse on time. To pray for any other scenario is to pray for the social goals of paganism.

(This article is adapted from Chapter 16 of Dr. North's forthcoming book, *The Dominion Covenant: Genesis*, to be published by the Institute for Christian Economics. The footnotes have been deleted.)

Biblical Economics Today is published six times a year, alternating with **Christian Reconstruction**. It is published by the Institute for Christian Economics, a non-profit, tax-exempt educational organization. It is mailed free of charge to residents of North America. Subscriptions: P.O. Box 25, Sterling, VA 22170. Donations are fully tax deductible. Checks should be made out to Institute for Christian Economics.