

# BIBLICAL ECONOMICS<sup>1</sup>

**INTRODUCTION:** For many decades, advocates of the various major economic systems (communism, socialism & capitalism) have tried to appeal to the Bible for support for their viewpoint.<sup>2</sup> If these debates on capitalism, socialism, etc., were only confined to professors and others in academic circles, we could perhaps just ignore the subject. But whole countries and multiplied millions of people have been enormously affected for good or ill, depending on the type of economic system which that country has followed. So dealing with this subject is not just an interesting intellectual exercise. How a country can be most productive, and its people receive the most goods & services, is of major importance. In another place<sup>3</sup> I have refuted the idea that the Bible supports/advocates communism or socialism. But as one has humorously commented "*Never underestimate the difficulty of changing false beliefs by facts.*"<sup>4</sup> In this longer version of my abbreviated six page paper I am going to attempt to do several things:

- 1) Explain briefly how "*Capitalism*" (i.e. "*Free Enterprise*") works & why it is the best economic system to increase productivity & deliver maximum economic benefits to a majority of the people in any country;
- 2) Show that the Bible says a great deal about various subjects intrinsically related to economics, such as compassion, hard work, equity,<sup>5</sup> and the right of individual persons to possess private property;
- 3) Demonstrate that many advocates of "human rights" who may be genuinely concerned about the plight of the poor, nevertheless have serious flaws in their thinking, positions & teaching;
- 4) Expose the hidden motives & socialist/communist thinking held by many in the "*human rights*"/"*animal rights*"/"*environmental-global warming*" &/or "*liberation theology*" movements;
- 5) Explain why bigger government and more government control and intervention is the *WORST* way to remedy a country's economic problems; & lastly,
- 6) Point out that capitalism without Christianity leads to some of the same problems of inequality & greed that are found in the other systems, due to the fallen, sinful nature of man.

**FOUNDATIONAL THOUGHTS:** Sproul comments, "Economic problems are not limited to the United States, but are worldwide in scope...Serious worldwide inflation exists, and we are deeply concerned about it. At a personal level, this affects our material well-being...As Christians, we are called to be profoundly concerned with ethics. **The point that is often overlooked is that economics touches heavily upon ethics.** Every time we choose to spend a dollar, invest a dollar or save a dollar, we make an economic decision based on a policy that embraces ethics. When economic policy is legislated by a government, ethical decisions are being made. Why? Because economics has to do with monetary systems...we are immediately dealing with the question of value, and value is an ethical matter...the Parable of the Prodigal Son (Lk. 15:11-32) and the... Parable of the Unjust Steward (Lk. 16:1-9) (have) one interesting parallel. In both parables, we see the negative judgment of God falling upon waste. To waste one's substance is an economic problem..."

"When we go to the Bible, we find allusions such as these to economic issues. The Bible is not a technical textbook on economic theory. It does not present a detailed blueprint for economic policy. That is not the purpose of the Bible. As a result, some Christians have concluded that the Bible is irrelevant to economics. But that is a perilous conclusion, as perilous as it is erroneous. **THE BIBLE SETS FORTH VITALLY IMPORTANT ETHICAL PRINCIPLES THAT HAVE WEIGHTY SIGNIFICANCE FOR ECONOMIC POLICY AND DECISION MAKING.**... Let me outline four principles that are clearly set forth in Scripture. There are more principles touching on economics than these four, but these are ones that are repeated again and again. **They are basic and foundational Christian principles of economics. These are our 1) private property, 2) equity (fairness), 3) industry (hard work), and 4) compassion (mercy).**"<sup>6</sup> We will now look at each of these principles individually:

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<sup>1</sup> By Rev. Mike Edwards, c/o Baptist Mid-Missions, P.O. Box 308011, Cleveland, Ohio 44130. mikedebbie\_edwards@earthlink.net These notes were begun in the early 1990s while serving as Baptist Chaplain at the University of Papua New Guinea, Pt. Moresby, PNG. Eventually they were written down in February, 1998 while Baptist Chaplain at the University of Goroka, Papua New Guinea. Consequently, some of the comments and references to groups and situations in Papua New Guinea may not be fully understood by those outside that context, especially by those unfamiliar with what transpired during that general time period. But the fundamental economic principles discussed here should be easily understandable and they are applicable and relevant to any country in any time period. In light of the massive, sinister movement towards socialism and censorship that is presently being advocated and pushed onto the American people by the current President and Congress that took office in January 2009—and which is being rabidly promoted by nearly every organ and branch of the electronic and print media—these notes perhaps have never been more important to understand and digest!-mwe). Revised Feb., 2010.

<sup>2</sup> Some (e.g. Helmut Gollwitzer in his book "*The Marxist Critique of Religion and the Christian Faith*") even went so far as to imply that Jesus "...was really the first authentic Marxist, but somehow the church had missed that basic point" (R.C. Sproul, "*Biblical Economics: Equity or Equality*," Christianity Today, 5 March, 1982, p. 94). Such an idea is wrong & totally contrary to the Bible. But such silly statements continue to be made.

<sup>3</sup> See my brief article: "*Economic Systems in the Bible.*"

<sup>4</sup> Henry Rosovsky, *The University: An Owner's Manual* (New York: W.W. Norton, 1990), p. 259, quoted by Thomas Sowell in *Economic Facts & Fallacies* (New York: Basic Books, 2008), p. 1.

<sup>5</sup> Most people do not know what equity means. The basic meaning of equity is "uprightness," "straightness," "fairness," "integrity," etc. The idea is of a "level playing field," i.e. complete fairness towards all. For further help, see my info sheet "*A Brief Word Study on Equity.*"

<sup>6</sup> R. C. Sproul, *Lifeviews, Understanding the Ideas that Shape Society Today* (Fleming H. Revell- a division of Baker Book House: Grand Rapids, MI, 1986), pp. 144-145.

A. **PRIVATE PROPERTY.** "It is a popular practice for competing schools of economic thought to appeal to the Bible for support in order to gain an authority base for their programs. **Communism**, for example, points to illustrations in the book of Acts where, in the early church **people held things in common.**<sup>7</sup> ...**Socialism** seeks as its premiere goal **the equality of wealth and equality of ownership within a society.**<sup>8</sup> To accomplish this, the government must be involved in the **redistribution of wealth.** Historically, socialism has been very concerned with the plight of poor people and oppressed people. Compassion has been the motivation for most varieties of socialism. The people have desired to redress the wrongs, the inequities, and the injustices that have been perpetrated against the poor.<sup>9</sup> ...**Capitalism** has been historically linked with Christian theology, particularly with Protestant theology, and its emphasis on **the so-called work ethic.** The Bible does issue a strong call to industry (work)<sup>10</sup>. It has also been appealed to in order to support **the primary principle of capitalism, which is private ownership.** Does the Bible advocate private property? We have seen that the whole world belongs to God and we are His stewards<sup>11</sup>, so in the ultimate sense, we do not own anything. But in a sense, if we speak in terms of daily living on this planet, God does set forth principles of private ownership. He protects the rights of private property in the Bible. Consider two of the Ten Commandments: *'Thou shalt not steal,'* and, *'Thou shalt not covet.'* Both commandments presuppose private property.<sup>12</sup> (Sproul, pp. 146-147)

"Why, then, do these conflicting economic systems all appeal to the Scriptures for support? Part of the reason is that these four principles (**Private Property, Equity, Industry & Compassion**) have some central importance in Scripture. The capitalist places his emphasis on private property, but private property embarrasses the socialist and the communist. Equality embarrasses the capitalist, but is very important to the socialist. Everybody claims to be industrious (a hard worker) and everybody wants to be compassionate (merciful)" (Sproul, p. 147).

B. **EQUITY** (justice, fairness).<sup>13</sup> Sproul comments: "If I were to choose any one of these four principles and say that it is most central to the biblical concern for economics, I would choose equity. My second choice would be compassion. The Bible again and again reduces the essence of godly behavior to two virtues: justice and mercy (e.g. Micah 6:8 cf. 3:2). It is very easy to set justice and mercy over against each other, but the Bible refuses to do that (Hos. 2:19-20). We are called to work for justice and we are also called to work for mercy." (Sproul, p. 147)

**A MAJOR SOCIALIST ERROR: THINKING THAT DIVIDING MONEY, GOODS, OR SERVICES EQUALLY AMONG ALL PEOPLE IS EQUITY. It is NOT!** "Socialism destroys the **equity** principle and substitutes in its place a principle that sounds like equity **BUT IS NOT.** Instead of equity, socialism presents the concept of **egalitarianism (equality)** in which the goal is to equally distribute the wealth of a society. This would be a noble thing, a marvelous ideal to hope for worldwide participation in the equal distribution of the enormous riches and wealth that this world affords. **The problem that socialism fails to consider fully is that we live in a fallen world.** In such a world, inequalities will inevitably exist with respect to personal wealth because some people will be more responsible than others. **Equity with respect to justice requires that the responsible person not be penalized for being responsible and that the slothful (lazy) person not be rewarded for his slothfulness. If we have a great leveling process where we take from those who are productive and gratuitously (i.e. free of charge) assign it to those who are not, we violate biblical principles of justice.** If we do that in the name of compassion, we have a one-sided view of compassion. To steal from one man to give to another (like Robin Hood) shows neither justice nor compassion for the victim of theft" (Sproul, pp. 147-148). The following discussion regarding "poor people" provides a good illustration of the fallacy of this kind of thinking by many socialists!<sup>14</sup>

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<sup>7</sup> There are MAJOR differences between what happened in Acts & modern, atheistic communism: (1) what happened in Acts 4:32-39 was **voluntary**, while communism is not; (2) The "communalism" in Acts involved **only Christians**, while modern communism is **totally atheistic**; (3) That voluntary communalism among Christians in the early church **didn't work** even then (cf. Acts 5:1-11) & has failed in modern times (e.g. A communal experiment in Ceresco, Michigan, USA a century ago, as well as the failed attempt by the Pilgrims of Plymouth, Massachusetts in the early 1620s). For more on economic systems in the Bible see my brief article "[Economic Systems in the Bible.](#)"

<sup>8</sup> This confusing of "equality" with "equity" is a fundamental & major error of socialist thinking. The two concepts are **not** the same. A fuller discussion of the difference will be found later in this paper.

<sup>9</sup> Important distinctions & information regarding "*the poor*" will be presented later in this paper. Be sure and digest that information to understand some of the mistakes socialists make in regard to the poor.

<sup>10</sup> e.g. Gen. 1:28; 2:15; 3:19; Ps. 90:12; Prov. 6:6-8; 10:4-5; 12:24, 27; 13:4; 18:9; 22:29; 30:24-25; Eccl. 3:13; 9:10; Jn. 9:4; Col. 3:22-24; II Thess. 3:10.

<sup>11</sup> For a fuller discussion of Stewardship, see my article: "[A Brief Biblical Study of Stewardship.](#)"

<sup>12</sup> e.g. I Kings 4:25; II Kings 18:31; Prov. 27:18; Acts 5:1-11; 18:3; II Thess. 3:6-12 cf. Micah 4:3-4; Zech. 3:10. For more on this, again see my "[Economic Systems in the Bible.](#)"

<sup>13</sup> For a brief definition & study of equity, see my supplementary handout: "[Brief Word Study on Equity in Scripture.](#)"

<sup>14</sup> Without wishing to appear fatalistic, it should be pointed out that the goal of completely eliminating poverty from this world will never be attained (until the consummation of all things after the return of Christ), due to the fallen world we live in and the ramifications of that fact in relation to the poor (see ensuing discussion). Christians should do all they can (within a proper understanding of biblical equity &

## **WHY PEOPLE ARE POOR.**

"People are poor for various reasons, not for one only, but one would never guess this from reading radical 'Christian' (i.e. Marxist/socialist) publications" (Lloyd Billingsley, "*The Generation That Knew Not Josef*." Multnomah Press: Portland, OR, 1985, p. 165). **There are several kinds of poor people for several different reasons** (Most socialists fail to realize and/or acknowledge this, for reasons that will become apparent as you read further).

- A. **THE POOR BECAUSE OF LAZINESS** (Slothfulness). "This group receives the judgment of God" (Sproul, *Biblical Economics*, op cit., CT, p. 94)<sup>15</sup>. "For instance, people can be poor because of their own lack of discipline and initiative. A steady provider can develop an alcohol or cocaine habit and plunge himself and his family into poverty. **This group gets no sympathy from the Bible at all.** In fact, they earn God's judgment" (Billingsley, p. 165).
- B. **"THE POOR BECAUSE OF DISEASE, FAMINE, OR OTHER CATASTROPHE.** **This group receives the compassion of God & the compassion of the people of God**" (Sproul, C.T.).<sup>16</sup> "Other people are genuine victims, suffering from injury, disease, or catastrophes such as famine and earthquake. The people of God are commanded to help such ones, because God Himself is moved with compassion for them" (Billingsley, *ibid*).
- C. **"THE POOR BECAUSE OF EXPLOITATION.** **This group receives the protection of God** via 'justice in the gate.' Here is where the focus of prophetic criticism is found" (Sproul, C.T.).<sup>17</sup> "...others are poor because of economic exploitation. Slavery is a historical example of this; South African apartheid and the East Indian caste system are contemporary versions. In case of exploitation, the victims have rightful claim to biblical justice"<sup>18</sup> (Billingsley, op cit.). Corruption in government is strongly condemned in Scripture,<sup>19</sup> and governments are warned that a failure to swiftly punish crime only encourages others to similarly engage in evil deeds (Eccl. 8:9)! In addition God says that NO ONE ultimately gets away with evil, since God will punish and rectify any overlooked evil either in this life (sometimes, but not always) or in the life to come (*ALWAYS!*)<sup>20</sup>
- D. **POOR BY CHOICE.** Billingsley comments: "A final group are the voluntary poor, who willingly give up affluent careers to better serve God and their fellow human beings. With ministerial salaries what they are, pastors could almost be included in this group en masse. Missionaries are another obvious example" (Billingsley, op cit., p. 166). "This group endures a 'voluntary' poverty **owing to their free decision** to choose less affluent endeavors of vocation" (Sproul, CT).<sup>21</sup>

**THE POOR & "EXPLOITATION."** You might wonder why you almost never see or hear about the above distinctions between the various types of poor people throughout the world. The answer is quite obvious: **Marxists/socialists want to blame the problem of poverty and sub-par economic performance in their countries, as well as various third world countries, on EXPLOITATION BY OTHER COUNTRIES,** primarily the United States

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compassion) to alleviate poverty & suffering. However Christ Himself declared that the poor will always exist (Mt. 26:11; Mk. 14:7; Jn. 12:8). I would hasten to balance that fact by pointing out that God & Christ nonetheless have a special burden & concern for the poor (e.g. Lk. 4:18; Jas. 2:5). Furthermore, according to Scripture a poor man who possesses integrity (equity) is esteemed more highly in God's eyes than a rich man who is corrupt or greedy (Prov. 28:6)!

<sup>15</sup> e.g. Prov. 6:9-11; 10:5, 26; 12:24; 15:19; 18:9; 19:15, 24; 20:4, 13; 21:25-26; 22:13; 24:30-31, 33-34; 26:14,16; 28:22; Eccl. 10:18; II Thess. 3:10; I Tim. 5:8; etc.

<sup>16</sup> Some verses demonstrating God's compassionate heart include Ps. 40:17; 68:10; 69:53; 72:4, 12-13; 89:14. References charging God's people to be compassionate include Ps. 41:1, 6; Prov. 14:21, 31; Jer. 22:16; Acts 11:27-30; Gal. 2:10 & Jas. 2:14-17.

<sup>17</sup> e.g. II Sam. 19:8; Ps. 82:3-4; Prov. 21:3; Isa. 29:20-21; Amos 5:14-15.

<sup>18</sup> e.g. Ps. 82:3-4; 109:14-16; Prov. 14:31; 22:22; 28:15; 29:7, 14; 31:9; Amos 4:1-2; 5:12; Jas 2:5.

<sup>19</sup> e.g. Neh. 5:1-13; Ps. 12:5; Eccl. 5:8; Jer. 7:5-7; 21:12; 22:1-5, esp. v.3; Ezek. 45:9; Zech. 7:9-10; 8:16-17; Mt. 23:23.

<sup>20</sup> e.g. Ps. 73; Lk. 12:16-21; Jas. 5:4-9; Rev. 20:13-15; etc.

<sup>21</sup> The greatest example of selflessness, a voluntary choosing of poverty & a foregoing of intrinsic riches, is undoubtedly the Lord Jesus Christ who set aside His eternal position, power & privilege in order to come to this earth to redeem man (II Cor. 8:9; Phil. 2:6-8). No one is required to become economically impoverished in order to obtain eternal life (salvation is an absolutely free & unmerited gift of God's grace!). Nonetheless, every Christian is called to exhibit the same **attitude** of selflessness that Christ possessed (Phil. 2:5). Some believers throughout history have freely chosen to forego legitimate wealth, privilege or occupations, in order to follow God's calling into less economically beneficial occupations.

and various European countries. That's patently false. But as Sowell notes about fallacies in general: "Fallacies...are usually both plausible and logical-but with something missing. Their plausibility gains them political support. Only after that political support is strong enough to cause fallacious ideas to become government policies and programs are the missing or ignored factors likely to lead to 'unintended consequences,' a phrase often heard in the wake of economic or social policy disasters." (Thomas Sowell, *Economic Facts & Fallacies*, p. 1) It is very easy (& popular!) to ignore the fact that SOME (not all) people may not have much economically because a) they do not like to work or are such slothful workers that they are "fired"/"sacked," b) they are wasting their money on sinful habits such as drinking, gambling, smoking, drugs, etc, or, c) people are engaging in economically devastating behaviors such as riots, civil wars, etc. It is always much easier to blame someone or something else outside of yourself or your country for your woes, instead of accepting responsibility yourself. Blame-shifting has been going on since Adam & Eve in the Garden of Eden (cf. Gen. 3:12-13)!

Certainly there *ARE* large "multi-national" or "transnational" (favorite "buzz words" of socialists) companies and corporations that can (& sometimes have) exploited people or countries and have tried to "rip them off."<sup>22</sup> But that is NOT the source of all-or even most)-of the poverty found in any country! And the thinking that "if we just get rid of all the 'multi-nationals,' everything will be wonderful" is faulty in the extreme and will only lead to greater economic calamity. For a recent example one need only look at Zimbabwe under the cruel & corrupt dictator Robert Mugabe to see a blatant example of the economic destruction socialism/communism produces. A country that was once the breadbasket of Southern Africa is now a place of starvation following his confiscation of the private property of the previous farmers and landholders. Nonetheless, Marxist socialists unfailingly blame all of Zimbabwe's present ills on anything and anyone but themselves! (And that is not to ignore past injustices that may have occurred in Zimbabwe, where I believe many of the previous landowners were white. But common sense should tell almost anyone that to brutally confiscate private property that has been held by farmers for multiple generations and have them forcibly taken over by the socialist state in an attempt to turn them into "collective farms" is a recipe for certain disaster. And that is exactly what it has turned out to be & we shouldn't be surprised.

Turning to Papua New Guinea where we lived for 19 years, let's take Bougainville Copper Ltd., for an example of a "greedy multinational." BCL definitely did dig a huge hole in the ground in central Bougainville, and they did export hundreds of millions of dollars worth of copper out of PNG. And they undoubtedly made a handsome profit-otherwise they wouldn't be in business. But BCL also contributed around K150-200 million kina (approx. equal to US dollars at the time) per year to the budget of Papua New Guinea. Over a ten year period that means approximately two BILLION kina was paid to the government of PNG. Now everyone in PNG who lived there at the time knows that the people of North Solomons Province (Bougainville) & PNG in general, have seen very little tangible benefit from that copper mine. That much money should have made a major impact on the infrastructure of PNG! There should have been scores of new schools and clinics built, vastly improved road works constructed, etc. But there wasn't. Eventually that lack of tangible benefit provoked a group of Bougainvilleans to form a guerilla group, take up arms, forcibly shut down the mine and a low-scale 10 year civil war ensued.

But rather than laying all the blame on Bougainville Copper Limited (which was what was done, of course), it would have been a very profitable exercise to have asked, "Where did our PNG parliamentarians spend all that money?" Some of it undoubtedly went to pay the largest employer in PNG-the government itself, and the thousands of "public servants" more than a few of whom regularly came to work late, left early and did precious little in between, apart from collecting their pay packets. Secondly, it is a fairly well known fact that many MP's and former MP's have purchased land, houses and investment properties in Singapore, Australia, etc. It would probably be extremely profitable to find out where such individuals got the hundreds of thousands of dollars to do such things. It would also be very interesting to pass a law in PNG requiring ALL present (& past?) MP's to declare all of their overseas holdings & bank accounts. It doesn't mean that such individuals can't have a savings account, own property, etc. What it does mean is that the public has a right to know where THEIR taxes have gone! And I would strongly encourage legislation that would require all sitting MP's to put such holdings into "blind trusts" administered by third parties, to help insure that they don't make political decisions that will directly and unfairly benefit themselves. In summary, yes, exploitation has occurred in PNG by outsiders in such things as logging, etc. But a great deal of exploitation has also been foisted upon the people of our beloved Papua New Guinea, as it has in every other country, by the greed and selfishness of some of their own people who accept bribes while working in government departments, and particularly by their elected leaders!

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<sup>22</sup> That is one main reason countries have laws & regulatory policies i.e. to prevent such abuses. It is usually not a matter of there not being laws to stop abuses by greedy, ruthless "*multi-nationals*." Rather the fault often lies with a lack of will or integrity on the part of governing officials who have been designated to enforce those laws & make large companies "*toe the line*." Not only do such politicians & government workers not enforce the laws & do their job. Often corrupt politicians & public servants accept bribes and payoffs to overlook violations of a country, its land or its people by such companies. But where does the real fault lie? The problem in such cases does not solely lie with a "*corrupt multi-national*" (or trans-national company-TNC)! It also lies with the leaders & government officials of any country who have been charged with the responsibility of enforcing the laws & policies of their land without fear or favor! In short, if you have government leaders who have integrity (i.e. equity!), a country will not suffer exploitation at the hands of large, multi-national companies! The solution is not to get rid of all the companies in a country that are investing in that country, providing jobs for the people, etc. The solution is to adopt good laws to govern various industries and then get people with integrity to see that they are upheld!

**PROBLEMS WITH THE ABOVE MENTIONED "EXPLOITATION" THEORY.** Marxists (communists), socialists, as well as "...radical (socialist) Christians see poverty as almost exclusively the result of economic victimization. Somehow, Western structural mechanisms like an open market and universal suffrage [i.e. the right to vote] discriminate against the poor, while a controlled economy and one-party state such as that of Cuba is seen as somehow liberating and beneficial.(!)

**"It is assumed that the free enterprise (capitalist) model is the exploiter.** Large corporations earn the radical's wrath in spite of the fact that, as Louis Fisher pointed out, **Marxist governments are one huge corporation that controls everything and from which there is no escape, as there is from Nestle or Exxon.**" As Djilas shows, the capitalism that Marxists rave about no longer exists, but the radical (socialist) Christians do not appear to have noticed. They are living in the past, nostalgic for the days of...Karl Marx.

**"The exploitation model also begs the question of why living standards are higher in free economies.** People FLEE closed societies like mainland China for better conditions in free enterprise countries. When refugees leave poor countries such as Mexico or El Salvador, they most often go to the United States, not to socialist [at the time of that writing] Nicaragua. Why is this, if capitalist, open-market, politically free countries are examples of exploitive structures? If socialist dictatorships are so desirable **WHY MUST THEY WALL IN THEIR SUBJECTS?** It bears repeating that even Hitler did not need such draconian measures.

**"The economic exploitation explanation for poverty DEMANDS A POLITICAL SOLUTION [which is the primary reason it is used by socialists-mwe].** It assumes that those groups that have risen out of poverty have done so by political means. **There is little if any evidence for this,** as [black economist, author & former Marxist] Thomas Sowell shows in *"The Economics and Politics of Race."* The overseas Chinese, the Italians in Brazil, the Irish and Blacks in America, and the Jews in many countries have generally kept their distance from politics. Where they have bettered themselves economically, **Sowell shows, it has been the result of HARD WORK, THRIFT, AND PERSONAL SACRIFICE.** **These can yield results only in an open economic system. [Actually] if there is a political solution, it lies in keeping the option for people to initiate their own economic activity [as opposed to communist/socialist states]"** (Billingsley, pp. 166-167).

**THE SOCIALIST EXPLANATION FOR WHY CAPITALISM WORKS.** "The radical [i.e. socialist] Christians explain poverty in the lesser developed countries by echoing the Leninist explanation first advanced to show why, contrary to what Marx predicted, capitalist workers got wealthier instead of poorer. **Lenin said, in effect, that the capitalist bosses were exploiting poor countries and forestalling revolution at home by buying off their workers with high wages.** Today this explanation is called the *North-South Economic Dialogue*. It fails to explain two things:

- a) **"Why the lesser developed countries were poor in the first place,** and
- b) **"Why those that have had [the] most contact with the allegedly imperialist powers have higher standards of living."** (Billingsley, Ibid)

**THE REAL REASON FOR THE "EXPLOITATION" ARGUMENT:**

"This theory is popular because it advances an explanation of poverty **BASED NOT ON ANY INADEQUACIES ON THE PART OF THE LESSER DEVELOPED COUNTRIES THEMSELVES,** but only on moral deficiencies **on the part of others [i.e. blame shifting].** As Sowell writes: 'The enduring fervent belief in imperialism as the cause of Third World poverty is difficult to understand in terms of empirical evidence. But this belief is much more readily understandable in terms of the high psychic and political cost of believing otherwise... Many such people [like to] assume a stance of being partisans of the poor. But even to be an effective partisan of the poor, one must first be a partisan of the truth.'"

**"One notices too...a clear selectivity in the poor that the... [socialists] choose to champion.** There are certain poor groups in their view worthy of love and support--and then there are others that are not. Jacques Ellul, whom radical [i.e. socialist] Christians readily quote when he agrees with them, points out that groups like the Kurds, the Tibetans, and the monarchist Yemenites do not attract the attention of radical... groups. *Why is this?* Are they not as poor as American blacks or the Philippine underclasses? Why do radical(s)... find them uninteresting? Ellul has a theory:

**"Alas, the reason is simple. The interesting poor are those whose defense is in reality an attack... against capitalism...** The uninteresting poor represent forces that are considered passe' [i.e. out of date]... They are fighting not to destroy a capitalist or colonialist regime, but simply to survive as individuals, as a culture, as a people. And that, of course, is not at all interesting, is it? **But the choice violent [socialist] Christians make has nothing to do with love of the poor.** They choose to support this or that group or movement because it is socialist, anti-colonialist, anti-imperialist, etc.'

Billingsley continues: "...Can it really be contended that North American and European Christians are not concerned about the poor? American Christians give billions each year in charitable donations. Groups like the Salvation Army have been on the scene at foreign and domestic disasters before anyone else. **They are the ones who run missions for derelict alcoholics—a case of the uninteresting poor if there ever was one—not Greenpeace or the Socialist Workers Party or the Sierra Club.** What of the clinics, the counseling, the hospitals founded by religious groups? What of the acceptance of refugees from countries as diverse as El Salvador and Vietnam? ...Western governments... even take in the poor created by their enemies, such as the United States' acceptance of the last flotilla from Cuba, many of whom were elderly and handicapped. Theoretically, the marvelous social services of the Cuban state should draw the poor from the four corners of the world." (Billingsley, *ibid*).

In regard to this blatant selectivity, it is worth noting that groups in PNG like "*Mel-Sol*" [i.e. *Melanesian Solidarity*] while often protesting against various "*exploitive*" countries such as Australia, the United States, France, etc., have never, to my knowledge, staged protest marches on the Chinese embassy in Waigani or blasted the Chinese government in the media. Yet China is probably the current world leader in "human rights" abuses. The Chinese regime killed hundreds of their own people at Tiananmen Square a few years ago. They continue to imprison & harass thousands of Christians as well as advocates of freedom of speech, freedom of the press, etc. And they have forced, and continue to force Chinese women who become pregnant but who already have a child to abort [murder] their own unborn children—whether they want to or not! The silence of such so-called "human rights" organizations to speak out against "communist/socialist" countries, while constantly blasting "capitalist" countries, clearly demonstrates a hidden agenda!

**WHERE ARE THE PROTESTS AGAINST TRULY INHUMAN TREATMENT BY COMMUNIST/SOCIALIST GOVERNMENTS?** It's funny that none of the socialist NGO's ever seem to get around to protesting the 50-75 million people that chairman Mao Zedong was responsible for butchering. Nor do we hear any apologies or explanations from advocates of socialism/communism for the incredible atrocities that Stalin perpetrated on his own people. By their lack of comment, you would almost think that such cruelties never occurred! **BUT THEY DID!**<sup>23</sup> Can the vehement anti-capitalists produce the name of even *one* truly capitalist country which has slaughtered millions of their own people in a similar fashion? Australia? Great Britain? Switzerland? America? All of those countries have serious faults, and certainly crimes have been committed against innocent civilians worldwide. But only the communists/socialists understand—and what's more practice—Mao Zedong's famous slogan: "**Political power comes out of the barrel of a gun.**"

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<sup>23</sup> The following excerpts from a TIME review of a book by Robert Conquest titled: "*The Harvest of Sorrow*" gives a heart-wrenching glimpse into Stalin's war against his own people. The accounts in the book itself are unfathomable. "In the early 1930s, Boris Pasternak and other Russian writers were officially encouraged to visit some of the Soviet Union's quarter-million newly established collective farms. Several of the writers produced the expected (propaganda): they 'marveled' at the revolution wrought in the countryside and heralded a new era of 'joyful collective labor.'...Pasternak declined to join the chorus. 'What I saw could not be expressed in words,' Russia's greatest modern poet recalled in an unpublished memoir. 'There was such inhuman, unimaginable misery, such a terrible disaster, that it began to seem almost abstract, it would not fit within the bounds of consciousness. I fell ill. For an entire year I could not write.' What he had glimpsed was the consequences of Stalin's war against his country's peasantry...otherwise known as the collectivization of agriculture. Between 1929 and 1934, 20 million family farms had disappeared. So had the *kulaks* (farmers), who had worked many of them... Stalin, Conquest says, viewed the country's 120 million peasants as irremediably hostile to the regime. Individualistic and intractable, they would have to be torn from their bit of private land and either tamed by force or annihilated. Stalin's first target was the kulaks, caricatured as rich, greedy and brutal farmers who lived off the labor of others (Does that description sound familiar? Various socialist groups routinely use such terminology to describe any capitalist company-mwe). Actually, they were the hardest working and the most productive of the peasants. The wealth of the average *kulak* family consisted of one to three cows and ten to 25 acres of land (not exactly massive, multi-national capitalists!). Nevertheless, beginning in 1929, more than 13 million of them were '*dekulakized*,' meaning deported, imprisoned or executed...They were... transported to the far north in locked cattle cars and sometimes on rafts along the great rivers flowing to the Arctic Ocean. The healthy adults were put to work in the mines or at timbering. The old, the sick and youngsters under 14 built shelters of wood and mud on patches of Arctic wasteland encircled with barbed wire. Some 6.5 million people died, more than half of them children...

The second phase of the attack focused on peasant families who had not been categorized as kulaks. Deprived of their land and animals, they were hustled into collective farms by zealous Communist Party activists. Resistance was widespread. *Babski bunty*--women's rebellions--erupted among mothers who relied on the family cows to provide milk for their children. In some regions military aircraft were used to strafe villages in revolt. Peasants retaliated by slaughtering more than 40% of the nation's cattle. Tens of thousands of men and women were shot; one border police commander reported to the Politburo that the rivers were filled with bodies going downstream. Meanwhile, productivity plummeted; Soviet agriculture lay in ruins... The final blow was the artificially induced famine of 1932-33. It was caused by Moscow's impossibly large requisitions of grain from depleted farms, and it was maintained by preventing outside help from reaching the starving. No soup kitchens were set up, as they had been during the much less severe famines of the czarist era. Conquest argues that Stalin was aiming at the genocide of the Ukrainians, whose nationalist yearnings he despised and feared. The toll supports his view. Of the 7 million who died of hunger, 6 million were Ukrainians... The accounts of the famine are excruciating to read. Arthur Koestler, then an ardent Communist, was traveling through the Ukraine by train. He recalls women outside his compartment window holding up babies who looked like '*embryos out of alcohol bottles*.' For soup, people boiled rats, nettles, tree bark and the skin of old furs. While guarded warehouses nearby were filled with grain, peasants were beaten, arrested and even shot for trying to take the few remaining kernels lying on the fields of collective farms. In one village, families gathered acorns from under the snow and baked them into a sort of bread. A party official complained, '*Look at the parasites! They went digging for acorns in the snow with their bare hands--they'll do anything to get out of working!*' (Again, it sounds like the comments of modern-day communists & socialists who have criticized Vietnamese, Chinese & Cubans who have built make-shift rafts or have tried to swim to freedom-mwe). Conquest reckons that the final death toll from the entire war against the peasants was 14.5 million souls." (TIME magazine, "*Books*," Robert Conquest, "*The Harvest of Sorrow*", 8 December, 1986, pp. 86-87).

- C. **INDUSTRY (i.e. work).** "The Bible presents a strong work ethic that calls us to industry, to production, and to labor [i.e. work!][see footnote #7 above]. **God sanctifies labor. It is important to remember that labor does not come to us as a result of The Fall. It originates from our God who is a working God. God creates through divine industry, and He calls us to mirror and reflect that operation. God assigned labor to man before the Fall.** He did not merely put man in a garden of paradise and say to rest seven days a week. Adam was called to dress, till, and cultivate that garden. He was called to multiply. In other words, he was called to be *PRODUCTIVE*... **According to biblical principle, we are to be able to participate in the ownership of what we produce. The system of law that we find in the Old Testament is designed to protect private property from theft, fraud, and deceit.** Numerous laws in the Old Testament are set forth to insure honesty in the business world and in the marketplace. **It is unlawful, according to God, to defraud another by use of false weights and measures, to debase currency of a society, or to renege on contractual promises and obligations.**<sup>24</sup> Related to these are the breaking of covenants and of industrial contracts. Equity, with respect to industry, is an important principle of economics. Justice must be done" (Sproul, *Lifeviews*, pp. 148-149).
- D. **COMPASSION (mercy).**<sup>25</sup> "What do we do with those who lack the means or the opportunity for production? **Do we close our hearts to the poor? God forbid. God has a special concern for the poor.** In the Old Testament law He demands that the fields be left at the corners to be gleaned by the poor. Laws are given by God to make sure that the poor are not ignored. Most importantly, the poor are not to be discriminated against at 'the gates,' which were the law courts of the land.<sup>26</sup> The poor were not to be exploited or demeaned by the rich and powerful. The Bible also warns a person of the consequences of making the acquisition of riches the supreme goal of his life. The Bible says no to a crass form of materialism and tells us that life is more than wealth.<sup>27</sup> On the other hand, the Bible also says no to a false spirituality which maintains that what happens to man's body or to man's material well-being is inconsequential... God is concerned about shelter, about food, about clothing. The Bible does not provide an exercise in abstract spirituality... (Paul says in Rom. 12:20)...in the simplest way, God cares about your physical well-being. He cares that we have enough to eat; that we are protected from the elements; that we have clothes and a place to live. These are economic matters... The biblical ethic is one of stewardship. **The principles of stewardship demand certain principles that capitalism also embraces. However, capitalism can be construed as a license for crass materialism (greed) with no consideration for the poor** [which is why I said that capitalism without Christianity can easily produce greed & ruthlessness-mwe]" (Sproul, *Lifeviews*, pp. 149-150).

**THE STEPS TO ECONOMIC IMPROVEMENT & SUCCESS FOR ANY PERSON OR COUNTRY.** Advocates of every economic school of thought thinks their system is best. But as one has said, "*the proof of the pudding is in the eating.*" **In other words, if something really works, you will know it by the results it produces. That is why it is so important to know and study history. History records the success or failure of various economic systems. Ideas have consequences!** All we have to do is look at what has happened in various countries to determine which economic systems work and which ones don't! So let's take a look. In doing so we will point out a few surprising facts that may shatter some commonly held fallacies. Thomas Sowell makes some excellent comments in regard to fallacies:

*"Fallacies are not simply crazy ideas. They are usually both plausible and logical—but with something missing. Their plausibility gains them political support. Only after that political support is strong enough to cause fallacious ideas to become government policies and programs are the missing or ignored factors likely to lead to 'unintended consequences,' a phrase often heard in the wake of economic or social policy disasters...Fallacies abound in economic policies affecting everything from housing to international trade. Where the unintended consequences of these policies take years to unfold, the effects may not be traced back to their causes by many people. Even when the bad consequences follow closely after a given policy, many people may not connect the dots, and advocates of policies that backfire often attribute these bad consequences to something else. Sometimes they claim that the bad situation would have been even worse if it had not been for the wonderful policies they advocated [cf. the current comments being made by the Obama administration & present Democratic congressional leadership during 2009!-mwe]...*

<sup>24</sup> e.g. Lev. 19:35-36; Prov. 16:11; 20:10, 23; Amos 8:5; Mic. 6:11 & Ex. 30:13-15 (also: Laws on gleaning: Lev. 19:9-10; 23:22; Dt. 24:19-21)

<sup>25</sup> The following comments on "Mercy" (Ex. 20:6; II Chron. 6:42; Ps. 136; Hos. 6:6; etc.) shed additional light: "(Mercy is)...An affectionate loyalty stemming from a relationship and resulting in kind deeds...basic semantic value is LOYALTY... it is rooted in a RELATIONSHIP (either formal or unwritten)... Often translated "*Kindness*" or "*Lovingkindness*... In Hebrew the kind deeds grow out of *chesed*-Heb. [mercy]. *Chesed* (mercy) is an affectionate loyalty that NATURALLY gives rise to kind deeds. It is never the cold loyalty out of duty that you can find in the English idea. Love is quite similar to mercy (*chesed*)... *Chesed* is an EXPECTED loyalty. Like doing things for family members that I wouldn't necessarily do for others, such as strangers... Other significant references (Gen. 40:14; I Sam. 20:14-15; II Sam. 9:2-3)... Gen. 24:12, 27: God has had a *chesed* (covenant) relationship with Abraham (Ps. 89:1)...go back to the first set of verses... II Chron. 6:42: What are '*the sure mercies of David*'? Not his good deeds, but rather the covenant commitments God made to David! Ps. 136: i.e. *God's commitment to His word is forever... He sticks by His word...He will not vacillate.* Hos. 6:6: 'What was so important?' Heb. Parallelism here. God is saying, '*I want you to know me and know what I'm like and be the same*' i.e. LOYAL. He rated *chesed* (mercy) even above sacrifice." (all from Dr. Terry Rude, Old Testament Theology notes. Bob Jones University graduate course, Greenville, SC, 1994)

<sup>26</sup> e.g. Dt. 33:21; II Sam. 8:15; I Kings 10:9; I Chron. 18:14; II Chron. 9:8; Prov. 1:3; Isa. 56:1; Amos 5:15.

<sup>27</sup> e.g. Mt. 6:19-20, 24-25, 33; Lk. 12:21; 18:22; Jas. 5:1-4; etc.

“There are many reasons why fallacies have staying power, even in the face of hard evidence against them. Elected officials, for example, cannot readily admit that some policy or program that they advocated, perhaps with great fanfare, has turned out badly, without risking their whole careers. Similarly for leaders of various causes and movements. Even intellectuals or academics with tenure stand to lose prestige and suffer embarrassment when their notions turn out to be counterproductive. Others who think of themselves as supporters of things that will help the less fortunate would find it painful to confront evidence that they have in fact made the less fortunate worse off than before. In other words, evidence is too dangerous—politically, financially and psychologically—for some people to allow it to become a threat to their interests or to their own sense of themselves.

“No one likes to admit being wrong. However, in many kinds of endeavors, the costs of not admitting to being wrong are too high to ignore. These costs force people to face reality, however painful that might be. A student who misunderstands mathematics has little choice but to correct that misunderstanding before the next examination and someone in business cannot continue losing money indefinitely by persisting in mistaken beliefs about the market or about the way to run a business. In short, there are practical as well as intellectual imperatives to see through fallacies. The difference between sound and fallacious economic policies by a government can affect the standard of living of millions. That is what makes the study of economics important—and the exposure of fallacies more than an intellectual exercise.”<sup>28</sup>

**SOCIALISM/COMMUNISM.** “Virtually every significant effort aimed at improving people's standard of living invented by socialistic or communistic theories of economics **has failed miserably**” (Sproul, *Lifeviews*, p. 150). One of the greatest examples of that fact is **the contrast between East & West Germany when the Berlin Wall came down and Communism collapsed in 1989!**\* Most people are not aware that before the communist revolution, Russia used to export excess grain. After the communist revolution the Soviet Union regularly bought & imported grain from the other countries [including, ironically, the United States] to help feed their people! That fact alone speaks volumes about the failure of the communist/socialist system of economics.<sup>29</sup>

**COMMUNIST CHINA.** Sproul, writing in 1982 states: “A case in point is China. Since the communist revolution there in 1949, the production, the standard of living, and the per-capita income of the people of China have declined to levels worse than they were before the revolution. Taiwan, the free region of China (a single island off the coast of mainland China) has 18 million people; mainland China has over 1 billion. **Yet the per-capita income on Taiwan is (written in 1982) five times higher than on mainland China. During the decade of the seventies, the 18 million people of Taiwan exported fifty times more goods than the 1 billion people from communist China.** To be sure, recent trends in China show an upturn in industrial output due in large measure to a growing toleration of private agriculture and private merchants [i.e. capitalistic practices] (Sproul, *Lifeviews*, p. 150). I [mwe] would suggest that the main reason China has allowed companies from Europe & the United States to now come into their country and set up factories, etc., is that **EVEN THEY realize that the free enterprise (capitalistic) system works, and the communist system clearly does NOT work!**<sup>30</sup>

**THE FORMER SOVIET UNION (U.S.S.R.).** Quite frankly, the reason Mikhail Gorbachev had to eventually open up the former Soviet Union to increased freedoms of speech & the press and eventually start instituting free market (capitalistic) economic reforms, is because **after 70 years of so-called “scientific socialism” the country's economy**

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28 Thomas Sowell, *Economic Facts and Fallacies* (New York: Basic Books, 2008), pp. 1-3.

<sup>29</sup> The forced “collectivization” of agriculture in the Ukraine, the U.S.S.R.'s “breadbasket” (detailed in ref. #21) played a major part in this economic disaster, and is a direct result of the outworking of communist/socialist philosophy & ideology. “In a land ‘dedicated to the proletariat,’ communism’s leaders traditionally have been at odds with the peasants. Lenin once illustrated a talk by grabbing his own throat and saying: ‘Either we choke the peasants or they choke us.’...The truth is that farm collectivization never worked the way the collectivizers hoped, and communism’s greatest single failure has been a chronic inability to meet the goals set for its farm programs. Through all the years of collectivization and farm failures, one telling fact stood out. The peasants who were allowed to maintain small private plots and to keep a cow and a few other animals produced twice as much per acre on their private plots as the collective farms produced.(!)... Khrushchev was slow in drawing the obvious lesson from this. It was not until shortly before his ouster that he realized private production might help solve his problem. Only then did he begin to allow more and more farmers to produce on their own. Coupled with this, instead of plowing up more virgin lands, he began adopting the American method of intensive cultivation with chemical fertilizers. His successors have speeded up both programs—more intensive farming and more independent farming—but there is still a long way to go. It takes a labor force ten times that of the U.S.A. to produce about 85 percent as much food. And one quarter of this comes from the private plots of peasants on collective farms.” (William Miller & Griffing Bancroft, “*The Meaning of Communism.*” Silver Burdett Company: Morristown, NJ, 1976, pp. 134-135). – \*Special thanks to Mr. Royce Ruland, who lived for a number of years in Germany including that time, witnessed this phenomena first-hand & pointed this example out to me. -mwe

In addition to the economic failure of socialism/communism, the incredible brutality of socialistic regimes towards their own people is well documented. The death toll from Stalin's Ukrainian genocide is estimated at between 13-15 million people! (See TIME, 8 Dec. 1986, pp. 86-87). As also mentioned earlier, it is estimated that Mao Tse Tung (Zedong) of China presided over the deaths of at least 50 million of his own Chinese people in order to consolidate his power! Inequities towards various ethnic groups in capitalist countries pale in comparison to such unimaginably horrible atrocities.

30 **2010 addendum:** I wrote these comments 12 years ago. Today in 2010 they seem almost prophetic. China has become an “*economic tiger*” and is now the source of most of the goods purchased by many of the countries of the world, particularly the United States. Since Sproul’s words were written I’m sure that economically speaking China overtook Taiwan long ago—which supports exactly what I am saying here—i. e. that China’s recent economic progress is *unquestionably due to embracing and advocating capitalism*-not communism/socialism! The more China has been able to attract capitalistic companies and practice capitalistic principles, the more it has profited economically. If China had abandoned socialistic/communistic *economic* principles sooner, they would have achieved economic success much sooner, instead of spending decades in abject poverty. (I realize of course that they continue to retain an evil, oppressive communist/socialist *political* system. Whether they will be able to hold together such a diametrically opposite two-headed monster still remains to be seen and will be revealed in the years to come). -mwe



**was in a complete shambles!** The following quotes from an article that appeared in the International Herald Tribune in 1988 before the Soviet Union disintegrated (!) are very revealing & informative as to the success of communist/socialist economic theory. The writer was actually trying to demonstrate in the article that the *CIA* was being way too optimistic in their estimates of how the Soviet economy was doing at that time.

"Students of Soviet affairs have long made wide use of CIA estimates of the Soviet economy. But do the estimates really deserve that confidence? Until recently, **the CIA stated that the national income per capita was higher in the Soviet Union than in Italy. Anyone who has visited both countries should be able to see for himself that such a statement is absurd.** If the U.S.S.R. had been so well off, there would not have been much need for a radical reform... **To anyone who has lived in the Soviet Union, it is clear that it is a reasonably well developed Third World country, calling to mind Argentina, Mexico or Portugal** in terms of infant mortality, life expectancy, agricultural employment, consumption and other nonmilitary indicators of economic development. In many regards the Soviets are worse off, with one car per 22 people and one private phone per 16 people... According to the CIA, economic growth averaged 1.9 percent from 1981-1985. **Last year [1987] the top Soviet economist, Abel Afganbegfyan, said there was NO growth in that period (!)**... The military share of the national income...[is approximately] one-third of the national income, which is what Soviet experts suggest in private. Similarly, Soviet dependence on foreign trade turns out to be twice what the CIA believes... [they do not]... take full account of the inefficiency of the Soviet economy, which requires at least three times the input to produce the same quantity (but much worse quality) of output as a Western firm. Nor are cheating, fraud, double accounting or other well-known shortcomings...considered.

"As early as 1980, Igor Birman made most of these points in The Washington Post. **In 1982, the British economist Michael Ellman suggested that Soviet economic growth ceased in 1978.** Vladimir Trembl of Duke University has shown how great is the Soviet Union's dependence on foreign trade. In the past few years, official Soviet economists have flooded us with data...The evidence seems overwhelming" (Anders Aslund, a research scholar at the Kennan Institute for Advanced Russian Studies. "Soviet Economy: Worse Than the CIA Says." International Herald Tribune, Sat-Sun., May 21-22, 1988, p. 6).

Another short article is also instructive regarding just how much of a failure socialistic communism was in the Soviet Union. The article was titled: "*Nobody Owns It and Nobody Fixes It.*" It was written just before then President Reagan was scheduled to visit Moscow: "An army of sweepers and gardeners, pavers and painters are working in Moscow along the itinerary of President Ronald Reagan's visit. But none of that... cleaning and shining will fool the American. **One look at the capital of communism will confirm for Mr. Reagan everything he has been thinking and saying for 50 years.** The city is crumbling and cracked, grimy, rusting, leaking, peeling and flaking. **Soviet Communism doesn't work, Mr. Reagan will think. He will be right. And the Soviets know it themselves.** The corner of a building collapsed in front of me as I walked along a street behind the beautiful Bolshoi Theater. Bricks just came tumbling down—the mortar and the stucco had long since turned to sand. Nobody owns the building and nobody fixes it. **Moscow residents tell anyone who will listen how much better their city is than the countryside, where towns have no running water only 20 miles [30 kilometers] from the capital"** (Richard Reeves, in a syndicated column titled "*Nobody Owns It and Nobody Fixes It,*" quoted in the International Herald Tribune, May 21-22, 1988, p. 6).

**CAPITALISM ("FREE ENTERPRISE")**. "Capitalism is based upon production of goods and services. How these good and services are used *AND* produced are matters of ethics" (Sproul, *Lifeviews*, p. 150). And ethics needs to be based on the Bible if people are to be treated fairly. That is why I stated earlier that capitalism without Christianity, while much more productive economically, can easily produce greed, corruption & other such vices. Biblical Christianity is needed & the transforming gospel of Christ is needed, if even a workable economic system like capitalism is to avoid the manifestations of fallen man. On the flip side it should probably also be pointed out that socialists who accuse Christianity of being "*a vanguard for capitalism*" are totally wrong! On the contrary, Christianity transforms a greedy, selfish capitalism into an economic system that can deal graciously, rather than ruthlessly, with others—especially the less fortunate. The free enterprise (capitalist) economic system goes back to the very beginnings of mankind, while Christianity obviously only came into being at the time of Christ, around two thousand years ago. **Regardless, to say that Christianity is a "*vanguard*" to sneak capitalism into third world countries is absurd.**

But I do believe that the "free enterprise" economic system [i.e. capitalism] is far superior in creating economic prosperity and meeting the needs of any country. R.C. Sproul explains in simple terms why capitalism (free enterprise) works, by discussing the principles involved:

- 1) **"THE PRINCIPLE OF PRODUCTION.** Without production we do not have the food to feed people, the clothes to clothe them or the houses to shelter them. It is simple. **The single most important factor to increase the material well-being of people is production. The greater the quantity of things produced, the lower the cost per unit for those things.** Within limits, the more that is produced, the better the standard of living.

**"Increased production can benefit the poor man the most** because the goods he needs are then more accessible to him. If a nation produces 100 shirts, the price of shirts tends to be high—too expensive for the poor man. If a nation produces 1 billion shirts, the price of shirts tends to be low. **This reflects the law of supply and demand.** Increases in production lower prices. **But what if the poor man has no money?** What difference does it make to him if a shirt costs five dollars or a hundred dollars? Here is the difference. In a situation of high productivity, employment also rises. The greater

production of shirts provides a better opportunity for the poor man to enter the work force and increase his standard of living. ***Even if he fails to find work his chances of getting a 'free' shirt are better if there is a surplus of shirts.*** People tend to be more charitable with five-dollar shirts than with hundred-dollar shirts. The workers in the Salvation Army are keenly aware of that" (Sproul, *Lifeviews*, pp. 150-151).

- 2) "**THE PRINCIPLE OF TOOLS.** A second important principle is highlighted when we ask, ***What is the single most important ingredient for production?*** Karl Marx understood the answer to this question. **The single most important factor for increased production is TOOLS.** Why is it that a peasant in Columbia cannot produce as much food as a farmer in America? Is it because the American farmer is more intelligent or that he is physically stronger? No, it is because a man with mechanized tools can produce a hundred times more than a man with wooden implements. **Tools are what have revolutionized the world in terms of production of material goods.** A hundred years ago, 80 percent of the population of the United States were farmers. Today, it is about 3 percent, and this 3 percent produces more food than the 80 percent of a hundred years ago could produce. (!) Why? Because modern techniques of production are based upon modern tools" (Sproul, pp. 151-152).
- 3) "**THE PRINCIPLE OF CAPITAL.** **What is the single most important ingredient for tools? CAPITAL** (from which we get our word capitalism). Money is what is needed. The big difference between the poor peasant in Colombia and the American farmer is that the peasant does not have the tools. Why doesn't he have the tools? **It is not that the tools are not available; the tools are there. But the peasant does not have the money to buy them.** It takes money to buy tools which, in turn, are converted into productivity to increase the standard of living in the world.

**"Why is this important to understand? Because this is the central point of attack in the modern world.** A vocal minority have made sharp attacks against excess capital. By *'excess capital'* they mean investment capital. **In the socialist dream, if we make more money than we need to live on, this excess is taken and distributed around. Immediately, the key ingredient for the whole process of increasing the well-being of man has been destroyed.** Without surplus capital, there can be no increase in tools; without an increase of tools, there can be no production; without production, the whole welfare of man fails" (Sproul, *ibid*).

- 4) "**THE PRINCIPLE OF PROFIT.** Taking one step farther back, **what is the one thing on which capital depends? The answer is called an 'obscene' word by some. The word is PROFIT.** Profit is the goal of all economic exchange. We can theorize all we want and declare that profit is obscene or that profits are too high, but **every time an economic transaction takes place where goods are exchanged, the goal in that exchange is profit. The goal is profit, whether it happens in a communist country or in a capitalist country.** Every time we are involved in an economic transaction, we are looking for a profit. The very basis for commerce is profit.

"Consider this scenario. A shoe store owner pays twenty-five dollars for a pair of shoes. He then sells the shoes for forty-five dollars. ***Who profits?*** Before I answer, let me point out that I have asked this question of many large groups of people. In every instance the vast majority have answered, 'The shoe store owner.' **(That) answer is only half right.** To be sure, the owner profits. **But so does the customer: if the purchase is voluntary.**

"When I go to the store and buy a pair of shoes, what motivates me to buy that pair of shoes? It could be the price or that my feet are cold or because I want to look nice... **An ironclad principle is that I will never, of my own will, pay more for that pair of shoes than that pair of shoes is worth to me.** Every time we enter into an economic transaction we are looking for a profit. In my mind, I decide that I want those shoes more than I want the surplus money I have in my pocket. I have a surplus of money, but I don't have a surplus of shoes. On the other hand, the shoemaker has a surplus of shoes, but he doesn't have a surplus of steak; and he wants some steak. The only way he is going to get steak is to sell part of his surplus of shoes to me so he can make the money he needs to buy steak.

**"On the surface, in the above scenario it SEEMS like only the storekeeper profits. That is because money is used in the exchange.** As a medium of exchange money is less direct than bartering. When we state the scenario in different terms the audience answers differently. Consider this scenario:

"One man is a shoemaker. He makes a hundred pairs of shoes. Another man is a cattle rancher. He has a freezer full of meat. The shoemaker has more shoes than he needs, but no meat... The rancher has more meat than he can eat, but his feet are cold. The two men get together and make a deal. They barter, trading meat for shoes. ***Now who profits?*** It is obvious that both profit" (Sproul, pp. 153-154).

**AN IMPORTANT CONCEPT: "THE DIVISION OF LABOR."** "Man survives by the division of labor. From the earliest chapters of the Bible we find society based on a division of labor. Cain was a tiller of the soil while Abel raised livestock. **They needed each other. Barter [i.e. trading] was always for MUTUAL PROFIT.** Mutual profit is the motive for all the free trade, for all voluntary business transactions" (Sproul, p. 154).

## SUMMARY:

"Remember this formula:

**"MATERIAL WELFARE depends upon PRODUCTION...**

**"INCREASED PRODUCTION depends upon TOOLS...**

**"TOOLS depend upon surplus CAPITAL...**

**"SURPLUS CAPITAL depends upon PROFITS.**

"We can chart it:

**MATERIAL WELFARE – PRODUCTION – TOOLS – SURPLUS CAPITAL – PROFIT**"

**"If we attack profits we destroy the foundation of man's material welfare"** (Sproul, pp. 154-155).

**HOW EVEN EVILS LIKE GREED & COVETOUSNESS ARE OFTEN RESTRAINED IN A CAPITALIST ECONOMIC SYSTEM.** "Biblical ethics sees two grave vices as threats to stewardship. They are covetousness and greed. Greed acts as the motivating force behind exploitation and waste. We tend to think of greed as the sin of the rich and coveting the sin of the poor. **Yet these sins are found in BOTH groups.** No man is so rich that he is incapable of coveting another person's property. No man is so poor that he is incapable of waste.

**"In a free market ["free enterprise" or "capitalist" system], an 'invisible hand' helps restrain some of these evils.** If a man is a crass materialist, avidly pursuing riches out of greed, **even his greed can work for the general welfare.** How? Suppose a man makes a billion dollars. What can he do with it? He can't eat a billion dollars worth of food. He may hoard his money [hide & store it away] by putting it in the bank; society (thus) has a strong bank to assist other businesses. He can waste his money on self-gratifying extravagances. He can buy ten Rolls-Royces, three Learjets, and have five plush condominiums in Florida. **Who benefits?** The automobile industry, the Learjet people, and the condominium builders. It takes people to make Rolls-Royces, Learjets and condominiums. **Even in this man's opulence [abundance, wealth] the division of labor is served.** Yet, what if the man is cantankerous [mean] enough to hide his money in the basement? He has just taken a billion dollars out of circulation, causing deflation. Now everyone else's dollar is worth proportionately more and the prices of goods decline" (Sproul, p. 155).

**THE WORST THING THAT CAN BE DONE TO THIS WEALTHY CAPITALIST!** "The worst thing that can happen to the man's money **is to have it taxed heavily by government.** (!) **Why? Governments are not producers. THEY PRODUCE NOTHING.** To be sure, they redistribute money, but at a **terrible waste of administrative overhead [cost].** Government-controlled economics are notoriously less efficient in raising national standards of living than is the free marketplace of voluntary exchange of goods and services." (Sproul, *ibid*)

## CONCLUSION:

**"Christians must work for a free market [i.e. capitalist, free enterprise system] regulated by just laws. They must oppose the debasing of currency, unjust levels of taxation, and bureaucratic waste"** (Sproul, p. 156).

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