

## Thoughts on a biblical economic worldview or Godonomics

By Graeme Leach

### Summary

- The free-market is God's market, which may be surprising for some. It is a God given institution<sup>1</sup> for our economic prosperity for which we should be truly thankful.
- Ten biblically derived economic principles are identified. These are both individually powerful and collectively awesome, as they complement and reinforce each other.
- The problem with capitalism isn't the system, but with fallen people seeking to usurp God's economic rules for operating the system.
- The essence of capitalism is not greed, but God ordained human flourishing.
- The free-market was designed by God to work perfectly in a perfect world, but it also works better than any alternative in a fallen world. The closer the economy conforms to His economic model, the better it will perform.
- The free-market is not freedom from God ordained moral and ethical restraints. Indeed, in a fallen world the Christian case for capitalism is the case for capitalism.
- God's free market began in the Garden of Eden. When this very simple hermeneutical principle is adopted, all other sources of revelation fall into place and point in the same direction towards the free-market being God's market.
- Cradle-to-grave, womb-to-tomb state-controlled welfare states sit very ill-at-ease with the biblical revelation. So does progressive taxation.
- There is a hidden spiritual dimension to the state versus markets debate, due to fallen people worshipping the false idol of statism.

*"All of economics is, in the end, the economics of good and evil".*

*Tomas Sedlacek<sup>2</sup>*

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<sup>1</sup> In economics, institutions are the 'rules of the game' such as property rights and the size of the state.

<sup>2</sup> *The Economics of Good and Evil*, T. Sedlacek, OUP, 2011.

## 1. Introduction

The Dutch Reformed theologian and Prime Minister, Abraham Kuyper, famously said:

There is not a square inch in the whole domain of our human existence over which Christ who is sovereign over all does not cry mine! <sup>3</sup>

This paper aims to make a contribution to the debate as to what 'mine' means in the economics realm. But this aim is controversial to say the least, since the literature on Christian economics is both vast and divided.

Max Weber<sup>4</sup> famously credited Christianity with originating capitalism, whilst a short while after, Karl Kautsky<sup>5</sup> made the same claim for socialism. Walter Rauschenbusch<sup>6</sup> was a leading advocate of the Social Gospel, whilst RH Tawney<sup>7</sup> advocated Christian Socialism.

Countering these views, the Christian Reconstructionist movement in the US, under Reformed Theologians such as Rousas Rushdoony<sup>8</sup>, made the biblical case for the free market and capitalism. All this division led one economist<sup>9</sup> to assert that because these mutually incompatible doctrines all claimed to be derived from scripture, Christian thinking on economics was likely too general to qualify as economics at all.

Economics originated as a branch of moral philosophy, but by the nineteenth century it was being described in derogatory terms as the 'dismal science'<sup>10</sup>. And by the end of the twentieth century its focus was almost entirely quantitative. Economics needs to reclaim its philosophical roots. The purpose of this paper is to show that from a biblical perspective God's economic model is anything but dismal. It is not some 'materialist' consequence of the fall of man. Instead it is shown to be an essential and magnificent part of His created order, which can be known and understood, but is alas all too often profoundly misunderstood.

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<sup>3</sup> Cited in: *Sphere Sovereignty* (p. 488), James D. Bratt, ed., *Abraham Kuyper, A Centennial Reader*, 1998.

<sup>4</sup> *The Protestant Ethic and the Spirit of Capitalism*, M. Weber, *Archiv für Sozialwissenschaft*, 20, 1904/5.

<sup>5</sup> *Der Ursprung des Christentums*, K. Kautsky, 1908.

<sup>6</sup> *A Theology for the Social Gospel*, W. Rauschenbusch, 1917.

<sup>7</sup> *Religion and the Rise of Capitalism*, R.H. Tawney, 1926.

<sup>8</sup> *Christianity and the State*, R.J.Rushdoony, 1986 and *Christianity and Capitalism*, R.J. Rushdoony, Chalcedon Foundation, 2000.

<sup>9</sup> *Ethics and Economic Reform*, Frank Knight, *Economica* 6 (24), 1939.

<sup>10</sup> Most famously by the Victorian historian Thomas Carlyle.

In addition to the disagreement previously discussed, attempts to define a Divine economic model also face opposition from many Christians who rail against any attempt at theonomy,<sup>11</sup> arguing that:

- (1) The Bible doesn't prescribe any particular economic model.
- (2) The prescribed model for an ancient agrarian economy has no meaningful application in today's advanced economies.

Their argument is that the Bible does not provide direction and it is incorrect to draw on biblical precepts, given to people in a simple, agricultural, theocratically governed society and apply them as a normative standard for the complex, secularist societies of today. All attempts to pursue a Biblical economic model would thus appear to meet a dead-end. Others, of course, assume the bible teaches a socialist system.<sup>12</sup>

This paper takes precisely the opposite approach, arguing that ten economic principles drawn from the Bible - supported and complemented by economic analysis – provide a compelling case for radically minimal Government. In other words, the market economy is God's economy. Moreover, it is argued that the biblical evidence is so powerful, it is difficult to believe that it doesn't have direct application still today.

The 10 principles (explained in Chapter 2) are:

- It is a myth that capitalism is based on greed.
- Markets are imperfect because people are imperfect.
- Without the Fall there would have been no market failure.
- God's economic model began in the Garden of Eden.
- The Bible prescribes minimal Government.
- Property rights are absolute.
- Progressive taxation is not biblical.
- Biblical welfare is voluntary not coercive.
- Biblical Government focuses on negative rights.

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<sup>11</sup> From Theos (God) and nomos (law) i.e. a society ruled by Divine Law.

<sup>12</sup> For the purposes of this paper, the terms free-market, market economy, capitalism and laissez faire are used interchangeably. They all refer to different aspects of the same system with private property, profit, prices determined by unrestricted competition and an absence of government interference. Of course, the modern economy is neither fully free-market or completely socialist. It is best described as interventionist or statist.

- The free-market is good stewardship.

Total public spending in the UK is almost £850 billion<sup>13</sup>. As a proportion of GDP, it has exploded from around 15 percent prior to World War 1 to almost 39 percent now. It is the contention of this paper that radical downsizing of the state, along biblical lines, would require it to shrink to less than 10 percent of GDP. This is obviously politically impossible, but that fact should not stop us from considering what the Bible appears to set out as an ideal.

Around a quarter of pregnancies in the UK end in abortions<sup>14</sup>. It's politically impossible to stop that at present but we surely go on trying in the face of what might seem overwhelming odds. William Wilberforce faced overwhelming odds but never gave up in the fight against slavery. Lord Shaftesbury fought for over 30 years against the use of child sweeps. Whilst God's economic model doesn't have the same moral urgency and emotion as abortion, slave trade or child sweeps, that shouldn't diminish our resolve to see His kingdom come and His will be done in the economic realm. Kuyper's words should still be ringing in our ears.

Many Christians find it difficult to believe that the free market is a divine instrument for human flourishing. They will argue that the Bible has numerous passages about being our brother's keeper, welcoming the stranger, feeding the hungry, clothing the naked and healing the sick. It is understandable that many Christians will feel this way and be inclined to support spending policies such as more money on the NHS, raising the national minimum wage, increasing pensions for the elderly and providing free university education (the list goes on and on, which is symptomatic of the problem). All of these policies, and many more, appear to be characterised by compassion, and one of the clearest messages of scripture is surely God's loving heart for the poor?

In sharp contrast, Christians all too often see free markets as being characterised by autonomous individuals competing for limited resources, without consideration for the welfare of others. Consequently, Christians rightly recoil at such a prospect, correctly asserting that any such system is antithetical to scripture. But this is a caricature of the real economic choice. Christians imagine that the choice<sup>15</sup> they face is between a harsh, Darwinian

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<sup>13</sup> 2019-20 financial year.

<sup>14</sup> *Daily Telegraph*, 06/03/20.

<sup>15</sup> Os Guinness has described the choice of welfare model as between Social Universalism (state interventionist), Social Darwinism (neither state nor voluntary welfare) and Social Calvinism (radical, voluntary generosity and distinguishing between the deserving and undeserving poor).

survival of the fittest on the one hand, and a compassionate interventionist state on the other. But, as will be argued, this is not the true choice because it excludes *Christian capitalism* and God's radical, minimalist government model, which is designed to generate far more not less compassion. Indeed, it is shown that the Christian case for capitalism is the case for capitalism, when a free market is operated according to Biblical principles.

The first and foremost worldview challenge for Christians is to bring their Bible to their politics and economics, not their politics and economics to their Bible. The author hopes he has achieved the former, not the latter, but the reader will judge. However, let there be no doubt, this is not some obscure abstract issue. It is fundamental to His will being done and our future economic prosperity.

Thankfully we have a loving Father who wants us to think His economic thoughts after Him. Scripture is not meant to be a mystery. If we lack wisdom, we are to ask God, who gives generously to all (James 1:5). Critical to our success in revealing God's economic purposes will be to acknowledge that: "*Fear of the Lord is the beginning of wisdom*" (Proverbs 9:10), "*as we take every thought captive for Christ*" (2 Corinthians 10:5). What follows is one Christian economist's attempt to bring every thought captive to Christ in the economic realm.

However, the author remains sensitive to the fact that many Christians will vehemently disagree with the paper's conclusions. So be it. The purpose of the paper is to challenge their thinking and also let their responses challenge mine.