

Thoughts on a biblical economic worldview or Godonomics

By Graeme Leach

This second extract begins consideration of '*10 thoughts on a biblical economic worldview*' with a review of the first two of those ten principles as we set out in the introduction.

10 thoughts on a Biblical economic worldview

In this chapter 10 Biblical economic principles are derived in support of the worldview that the free-market is God's market. These are both individually powerful and collectively awesome as they complement and reinforce each other.

As we will see, the Bible prescribes minimal Government and this is reinforced by a whole host of other Biblical principles such as absolute property rights, Government based on negative rights, a voluntary system of welfare and clear injunctions against a progressive tax system. With all those principles in place it is surely impossible to make the case for 'big' government being biblical.

Individual principles such as markets being imperfect because people are imperfect, and that without the Fall there would have been no market failure and God's economic model beginning in the Garden of Eden, are shown to lead to the conclusion that the free-market is God's market. But these principles also incorporate the model in *both* Creation *and* the Fall and hence the economic consequences of sin. In other words, they show how we've got to where we are now economically, in a fallen world.

The free-market is good stewardship and the greatest tool for the alleviation of poverty in the history of the world. It is also a gift from God to encourage human flourishing.

We will examine each principle.

It is a myth that capitalism is based on greed

For most people the very word capitalism is associated with greed. People remember the 1987 film *Wall Street*, starring Michael Douglas, as the fictional character Gordon Gekko. Gekko's role portrayed capitalism as being based on the principle that "*greed is good*". More recently, in the wake of the financial crisis, Leonardo Di Caprio starred in the 2013 film, *The Wolf of Wall Street*. He portrayed the depravity, greed and excess of the central character Jordan Belfort. The implicit message of both films was that Wall Street represents the ultimate negative manifestation of capitalist values. Both films were and are poster boys for the 'capitalism is all about naked greed' credo.

In his 2018 leader's speech to the Labour Party Conference, Jeremy Corbyn reiterated the claim that capitalism is all about greed, and this is a message which clearly resonates with many people. Unsurprisingly, and understandably in such a political environment, Christians all too often think capitalism is un-Christian or anti-Christian because it is perceived to be based on greed.

In addition, many Christians have a vague recollection that somewhere at school or in college they were told that the most famous economist of all, Adam Smith, asserted that selfishness was the key pillar on which capitalism was built. Consequently, the idea was affirmed that capitalism must be opposed on biblical grounds, because it is all about the exploitation of workers and consumers. But is it true that capitalism is based on greed?

Considerable numbers of economists, who should know better about Adam Smith, don't because they are lost in thought about mathematical models and have forgotten that economics originated as a branch of moral philosophy. Consequently, they are very ill-equipped to make the moral and ethical case for capitalism. Early in his career this author worked for the Henley Centre for Economic Forecasting and was somewhat aghast when a senior colleague¹ wrote in one report: "*Ethics and morality have long been regarded as irrelevant to economics ... Adam Smith showed that selfish behaviour would actually contribute to the common good*".

If all of this were true, of course, it would amount to a fundamental critique of the free-market and it not being a purposeful system created and sanctioned by God. The truth, however, is that

¹ I won't name the writer!

it is everything but the truth. Smith² never argued that selfishness was the basis of the ‘invisible hand’ that made markets succeed. It is yet another urban myth. Smith³ argued that self-interested behaviour was a motivator of economic activity, but that is very different to selfishness. Smith famously stated that, *“It is not from the benevolence of the butcher, the brewer or the baker that we expect our dinner, but from their regard to their own interest”*. Self-interest in this sense means that in serving the needs of others, one also receives a financial reward for services rendered. There is nothing unbiblical about that.

Smith also stated that: *“Every individual is continually exerting himself to find out the most advantageous employment of whatever capital he can command. It is his own advantage, and not that of society, which he has in view ... he is in this ... led by an invisible hand to promote an end which has no part of his intention”*. This is a country mile away from suggesting that a free-market economy is built on selfishness in all circumstances. Again, there is a huge divide between truth and fiction, rhetoric and reality.

In their excellent introductory course on *Biblical Foundations for the Economic Way of Thinking*, the Institute for Faith, Work & Economics state: *“It is important to keep in mind that self-interest is not the same as selfishness. Scripture tells us that it is acceptable to pursue our self-interest, but that we must still consider the interests of other people”*. This reiterates the words of scripture in Philippians 2:4: *“Let each of you look not only to his own interests, but also to the interests of others”*.

But if we keep focussing on the idea of ‘greed’ and ‘selfishness’ we’re deflected from making any connection between God, the Bible and a market economy. And if we do make any connection, the market is seen as a consequence of a fallen world and sin. This is a tragedy, but it is the reality of the world we live in. It means that we miss out on the truth that there is a free-market Biblical economic model which is part of God’s created order, and a tool with which to develop human flourishing⁴ and the stewarding of all that we have been given for His glory (Genesis 1:28). It is part of who we are and what we do to be fruitful and multiply and fill the earth.

² *An Inquiry into the Nature and Causes of the Wealth of Nations*, Adam Smith, 1776.

³ Before writing *An Inquiry into the Nature and Causes of the Wealth of Nations* (1776), Smith wrote *The Theory of Moral Sentiments* (1759), which described the sense of duty and ought people display towards other humans when engaged in economic activity. Smith was hardly the rapacious, greedy capitalist evidenced in his straw man caricature.

⁴ *A Biblical Theology of Human Flourishing*, Institute for Faith, Work & Economics, Jonathan Pennington, March 2015.

Markets are imperfect because people are imperfect

In the opening sentence of Rousseau's *Social Contract*, published in 1762, he states that: "*Man is born free and everywhere he is in chains*". But Rousseau was wrong, man is not born free. The Bible teaches that man is born in sin and captive to it, and that all have sinned and fallen short of the glory of God (Romans 3:23). In other words, from a biblical economic perspective, markets are imperfect because people are. What emerges from capitalism now, is a grotesque counterfeit from God's original intentions, but we should be very careful not to blame the system instead of the sinner.

Christians opposing the free market and capitalism in favour of a large interventionist state are making a very simple mistake, which is perhaps best illustrated by an analogy. We would never argue that greed or even gluttony justified the prohibition and abandonment of food consumption. That would be absurd. But many Christians will argue that the economic system should be abandoned or radically altered simply because of its misuse by some. The key point here, surely, is that the problem is fallen human beings, not a fallen economic system per se.

In a fallen world, people often are greedy, but this is very different to saying that the economic system is based on greed. I believe God want us to enjoy economic prosperity⁵, but this will only come about if we operate by His economic rules. Fallen people are operating God's economic system incorrectly, but that does not mean that we should change the system.

Human failure of course, is not confined to the private sector. The 'public choice' economics literature shows that even where there is market failure, the consequences of state intervention still need to be considered. State intervention all too often makes a bad situation worse. The public-sector problem is not confined to the problem of sin. The public sector experiences the 'knowledge problem' identified by Hayek – for which he received the Nobel Prize – because of the impossibility of the government being able to know, what it needs to know, in order to make informed decisions affecting markets.

⁵ This is most definitely not a pitch for a health and wealth Gospel. Such views are easily refuted by Scripture.

The problems of fallen man extend further into the legal and regulatory realm. The regulatory state has – most notably in the US – carved out a considerable lobbying industry in response, with lawsuits and class actions which divert scarce resources away from more productive activities. The regulatory state is also built on a dubious premise, in that it presumes wrongful or criminal intent on the part of any person or business before they act!