CAPITALISM & THE COVENANT COMMUNITY:

A MODEL OF ECONOMIC WITNESS FOR

THE 21ST CENTURY CHURCH

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Chapter 1: Introduction

Distant history is often categorized in terms of centuries, far distant history in epochs or 'ages.' But the analysis of more recent history – say, that of the immediately preceding century – can often be subdivided conveniently by decade. Thus the Twentieth Century gave us the 'Roaring 20s' and the Great Depression of the 1930s, the Prosperous 50s and the Rebellious 60s. The 1970s as a decade had its high point: the bicentennial celebrations of 1976 – and its any lows: from the debacle of Watergate to the humiliating Iranian Hostage Crisis. But the decade itself will probably go down in history as characterized through the famous 'Malaise Speech' given by President Jimmy Carter on July 15, 1979. Although the President did not use the word 'malaise' in the speech, his characterization of the economic situation facing the United States throughout the 70s was quickly summarized by both the press and Carter's political opponents as *malaise*. The basic economic parameters of that time seemed to confirm the diagnosis: the Federal Reserve's Prime Rate reached 11% in November of 1978 and would peak at 21.5% in December of 1980. Inflation averaged 11.3% in 1979 and rose as high as 13.5% in 1980. Unemployment hovered in the mid- to upper-single digits for most of the decade, and in the older industrialized regions was often twice the national average.

Even today these numbers pale in comparison to comparable statistics in many Third World nations, but for the much vaunted economy of the United States in the late 1970s, they represented 'malaise,' and fostered a deep-seated crisis of confidence. This crisis was not merely with reference to the country's leadership, it was a crisis of confidence in the very idea of the American Experiment. It was a crisis of confidence in the validity and durability of the free market economy versus the Socialism of many European countries and the Communism of Soviet Russia.

The ideological chasm between the economic system of the Soviet Union, representing the Communist worldview, and of the United States, representing the 'free' world, was a major though often underrated, factor in the Cold War between the two superpowers. The militarism of both nations, and the periodic outbreaks of proxy wars between them, tended to focus attention upon the threat of a world-devastating nuclear conflict. But underlying and fueling the tensions between the Soviet bloc and the West was the battle of two vastly different economic theories. The United States championed the free-market Capitalist economic paradigm, while the Soviet Union touted the ultimate triumph of worldwide Communism. As early in the struggle as 1952, economist John Kenneth Galbraith wrote in *American Capitalism*, "Indeed, for most Americans free competition, so called, has for long been a political rather than an economic concept."[1]

Perhaps this explains the measure to which the unexpected collapse of the Soviet Union in the late 1980s was viewed by many as a clear triumph for free-market Capitalism. That Capitalism would eventually triumph was not a foregone conclusion through most of the years of the Cold War. The 'acquisitive' tendencies to which Capitalism appealed throughout its Golden Age, 1950 to 1970, made advocates of that economic system uneasy and detractors downright hostile. This consumptive, materialistic aspect of Capitalism, however, was much to be preferred to the straightjacket that Communism put upon the freedom of the individual man. Perhaps the best way to describe the feeling in the West regarding the eventual success of Capitalism vis-à-vis Communism was *hopeful*, rather than *confident*. Yet by the last decade of the twentieth century Capitalism reigned triumphant not only in the West where it had sunk deep roots for several centuries, but even in the former Soviet bloc nations of Eastern Europe. Russia

[1] John Kenneth Galbraith, *American Capitalism* (Boston: Houghton Mifflin Company, 1956), 24.

was attempting a tentative shift toward a free-market economy, and even Communist China was relaxing central government controls and creating ‘free market’ zones within its otherwise rigid statist system. So profound was the transformation in the world economic scene that at least one author is prepared to pronounce Capitalism as the ultimate victor – “Capitalism will survive the current depression as it did the Great Depression of the 1930s. It will survive because there is no alternative that hasn’t been thoroughly discredited, which wasn’t as clear in the 1930s. It is clear now. The Soviet, Maoist, ‘corporatist’ (fascist Italy), Cuban, Venezuelan, etc. alternatives to capitalism are unappealing, to say the least.”[2]

The recent epic struggle between two world economic systems is without precedent in world history. For the majority of human history – it is not too much to say from the dawn of civilization to the middle of the nineteenth century AD – the nations of the world followed a similar, agrarian and somewhat feudal economic path. To be sure, there have always been disparities in wealth between nations and within nations. And there have been subtle economic shifts such as the discovery of the great Potosi silver mines in South America by Spanish explorers in the sixteenth century. There was not much difference, however, between the basic economic structures of the world’s nations, and all but a few of the world’s inhabitants lived an impoverished existence of borderline subsistence.

The first true ideological conflict within the prevailing economies of the nations began to develop in the middle of the nineteenth century, when the writings of Karl Marx started to impact the economic thought of Europe. Marx’ famous *Communist Manifesto* was published in 1848, at the same time free-market Capitalism, espoused seventy years earlier by Adam Smith, was flexing its youthful muscle with the Industrial Revolution. The darker side of the Industrial

[2]Richard A. Posner, *A Failure of Capitalism: The Crisis of ’08 and the Descent into Depression* (Cambridge: Harvard University Press, 2009), 234.

Revolution – the sweat houses, child labor, pollution and substandard housing – fueled interest in the theory of Communism until the Russian Revolution of 1917 established the first communist nation on the planet – the Soviet Union.

The twentieth century witnessed the titanic struggle between these two opposing economic theories – Capitalism versus Communism. By the middle of the century the world was rapidly aligning along either Capitalist or Communist economic lines, with the military power of the United States and the Soviet Union overshadowing each respectively. The voice of professing Christendom has not been unequivocal with regard to the two major economic combatants. Marxism took root within Roman Catholicism in Central and South America, while Evangelical Protestantism in the United States, Great Britain, and Northern Europe became increasingly aligned with free-market Capitalism. There is a certain correspondence between Catholicism's hierarchical and centrally-controlled ecclesiology and the statism of Marxist economic theory as it has evolved from Marx and Engel through Lenin and Mao. Conversely, the connection between free-market Capitalism and Evangelical Protestantism was famously proclaimed early in the century by Max Weber in his treatise *The Protestant Ethic and the Spirit of Capitalism*. Thus the century-long struggle between two mutually-exclusive economic systems engendered an equally vigorous struggle within professing Christianity as to the merits, the biblical validity, and even the morality of each system.

Economics in Evangelical Thought:

It is the professed aim of this particular study to come to grips with the science of economics from an *evangelical* Christian perspective, one that adheres to a view of Scripture as both inerrant and infallible, and which furnishes the believer with *'all things needed for life and* *godliness.'* (II Peter 1:3)[3] Space and scope will not allow for an in-depth analysis of the relationship between, say, Roman Catholicism and Marxist-oriented Liberation Theology. Indeed, if socialistic economic systems have truly been discredited within the closing decades of the twentieth century, there is little need for such an evaluation now. But it does remain to investigate the 'winner' of the conflict: to analyze the strengths and the weaknesses of Capitalism and to attempt to recommend a particularly *biblical*, *evangelical*, and *faith-communal* attitude toward an economic system that has become the dominant economic paradigm the world over.

By 'faith communal' is meant simply the unique response to any worldly system or activity incumbent upon the community of faith – the Church – in her role as 'Salt and Light' in the world. An underlying perspective of this study maintains that modern evangelicalism in the West has veered far toward the emphasis of individual faith and practice to the detriment of the corporate action and witness of the covenant people of God, the Church. It seems to some that the only options available for professing Christianity with respect to the public forum is either an activist 'Church Voice' railing against social evils and proposing social reform, or a passive isolationist Church that, at best, teaches its members how to respond, as individuals, to social issues. This study hopes to set forth a different option, one that positions the Church as a unique community of people providentially placed within the larger cultural and social setting, with the responsibility of bearing witness to the world around them. This is not a renewed call to social activism, nor a repudiation of the responsibility of individual believers, but rather an attempt to restore to those believers the unique and powerful community orientation emphasized in Scripture.

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[3] Unless otherwise noted, all references to the Bible will be from the New King James Version.

As previously noted, Evangelical Christianity has generally proven to be strongly supportive of the Capitalistic economic system. Perhaps the most common accolade offered in support of free-market Capitalism regards the undeniable connection between this economic system and the *liberty of the individual man*. Freedom of the individual – religious, political, and economic – can clearly be shown to have been a central tenet of Protestantism from the sixteenth century on. As early as Luther we find the *religious* and *economic* aspects of individual liberty coming together in the concept of 'calling' or 'vocation.' It was no longer to be the case that a man's occupation in life be categorized either as 'secular' or 'sacred,' for all legitimate labor was sanctified by the Edenic ordinance of work. The daily work that a man was 'called' to do was his 'acceptable service' in the worship of God through Jesus Christ. No longer was it considered a higher calling for one to enter a monastery or convent and to eschew the economic dynamics of the outside world. "That this moral justification of worldly activity was one of the most important results of the Reformation, especially of Luther's part in it, is beyond doubt."[4]

Luther did not take the concept of 'calling' to its eventual and logical conclusion. His view of calling never escaped the traditional, feudal economic society of which he was a part. "His calling is something which man has to accept as a divine ordinance, to which he must adapt himself."[5] Weber's famous thesis was that there was something unique in the teachings, not so much of Luther, but of Zwingli and to a much greater degree Calvin, that molded this rediscovered sanctity of a man's calling into a *bona fide* 'Spirit of Capitalism.'[6] Subsequent critics of Weber's thesis have argued, in 'chicken or the egg' fashion, whether Calvinism created Capitalism, or vice versa. History is too dynamic and interwoven for a simple answer and the historian who attempts to isolate the *first cause* of the religious, economic, and political

[4] Weber, Max *The Protestant Ethic and the Spirit of Capitalism* (Mineoloa, NY: Dover Publications; 2003), 81.
[5] Weber, 85.
[6] Weber, 87.

evolution of Europe from the Reformation to the Industrial Revolution will despair. Yet, from a purely historical perspective, undeniable connections do exist between Calvinistic theology and Capitalistic economics, as difficult as they may be to systematize. Brian Griffiths, a British evangelical deeply involved in the development of economic and political theory in the Thatcher years, writes,

> For myself, two things are particularly important about this general thesis (i.e., Weber's). The first is that I find it very hard to understand the development of capitalism and industrial society in the West without taking into account those distinct cultural and religious values which shaped the ethos of personal responsibility, honesty, thrift, diligence, and rational calculation, values which upheld private property rights, and which provided a distinct perspective on work and profits…The second is that the Protestant ethic thesis turns out to be a specific example of a far more general thesis: namely, that the economic process is related in an important way to cultural and religious values.[7]

By extension, the case has long been made establishing the indissoluble link between economic freedom and political liberty. Griffiths writes, "In summary, therefore, the moral case for a market economy is that both in itself and by being a necessary condition for political freedom it helps to protect the freedom and the dignity of the individual."[8] That Protestant Christianity is the religious view most conducive to these two freedoms – economic and political – is the irrefutable conclusion of any unbiased historian.

A second characteristic of free-market Capitalism often cited in its defense is the manifest superiority of this economic system toward the *creation of wealth* and the *alleviation of want*. At this stage of economic history – on this side of the fall of the Soviet Union and the subsequent revelations of the destitute economies behind the Iron Curtain – no one can reasonably deny that Capitalism generates more personal, national and international wealth than

[7] Brian Griffiths, *The Creation of Wealth* (Downers Grove: InterVarsity Press, 1984), 30-31.
[8]Griffiths, 91.

Communism. While it is also true that there exists a wide gap between the wealthiest and the poorest members of our capitalistic societies, it is important to note that the historical alternative to this phenomenon has been near-universal poverty. The wealth-creation proficiency of free-market Capitalism has, in general, created a much wider extension of wealth-participation within those societies than has ever been experienced in human history. It is a simplification, but an illuminating one, to consider that whereas Capitalism has fostered the unequal distribution of prosperity, Communism has generated the equal distribution of poverty. This fact has led some economists to consider free market economics as among 'humanity's greatest social inventions.'[9]

Creation of wealth has not always been an easy pill for Christianity to swallow. Torn between the divine promises found in the Old Testament of material blessing upon faithful obedience, and the warnings from the New Testament regarding the almost insurmountable difficulties faced by the rich against entering the kingdom of heaven, historic Christianity has alternated between embracing the creation of wealth and shunning it altogether. The rise and triumph of modern Capitalism has largely put the question beyond consideration to many evangelical believers in the West. Wealth has become so widespread in comparison to the largest portion of mankind's past, there now exists such tangible hope of any member of society, attaining a higher standard of living. To a large extent the moral critique of wealth in and of itself has largely fallen by the way. Individual wealth as reflected by per capita Gross Domestic Product (GDP) of Western 'Christian' nations – the United States, Canada, and the nations of the European Economic Community – dwarfs that of the rest of the world. Even the government-established 'poverty level' in the United States is higher than 140 of the 181 nations ranked by per capita GDP by the International Monetary Fund.

[9] Claar & Klay, *Economics,* 214.

Remarkably, many evangelicals in the United States would not count themselves wealthy at all. John Lunn, a professor of economics at Hope College, asks "how much wealth is needed for a person or household to be considered rich, and what share of American households qualifies as rich?" Lunn proceeds to develop a definition of 'wealthy' that excludes the majority of American families from that class: "I offer the following definition of rich: a household is rich if it can receive the median American level of income indefinitely without working and without receiving payments from the government, insurance or retirement funds."[10] Lunn, an instructor at a Christian college, shows with this revisionist definition the discomfort many believers have with the concept and moral rectitude of 'being wealthy.'

Yet the wealth of 21st Century Americans, while uniformly tangible in comparison to history and to many other nations in the world, is by no means uniformly distributed. A landmark study by Michael Norton of Harvard Business School and Dan Ariely of Duke University reveals an interesting phenomenon whereby Americans recognize the economic landscape of the country to be less than equitable, but fail to perceive just how inequitable it really is. For instance, the consensus of those polled, representing a wide cross section of American social, political, and economic strata, was that the top 20% of the American population held 59% of the country's wealth. The actual percentage of the total wealth of the nation held by the top quintile is 83%. Those polled also assigned smaller percentages for the bottom two quintiles when, in actuality, the lower 40% of the population do not register on the wealth-possession scale. It is reasonable to conclude from such an analysis that, while Capitalism has shown its power in wealth-creation, elevating the standard of living of even the poorest strata of Western society, great inequity still remains with wealth being concentrated in an ever-decreasing number of hands.

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[10] John Lunn, "On Riches in the Bible and the West Today," *Faith & Economics*, Number 39 (Spring 2002), 14.

Individual liberty, increased standard of living for the greater part of society; to these we may add a third virtue of Capitalism – *efficient development of resources*. The profit-motive that forms the driving force of capitalistic economic systems is often maligned as being base and immoral – and no *biblically-based* study of Capitalism can ignore this charge. But this same impetus has also proven to be the most powerful motivation for technological development in the discovery and manipulation of the world's resources. Whether this efficiency has been an unmitigated good remains to be seen. It is sufficient to these introductory comments on the strengths of Capitalism to acknowledge that profit-driven allocation and exploitation of resources has shown itself to be far more efficient than centrally-controlled, politically-driven resource allocation. The failure of Communism in the Soviet Union, China, and Cuba to meet the basic needs of the peoples of those lands is proof positive of the ineptness of government-determined production methods and goals. Closer to home, the annual reports by taxpayer watchdog groups regarding the inefficiency of the United States military procurement departments is indicative of the same phenomenon. Government intervention breeds inefficiency even in an otherwise market-driven economy. Undeniably, unfettered Capitalism is efficient; but it remains to be determined whether efficiency is truly and always a noble virtue. There is a fine line between 'subduing' the earth and exploiting it.

But our focus for the moment is on the virtues of Capitalism, and a fourth flows from the third: *fair prices*. The capitalist who wishes to efficiently use the resources available to generate profits for himself and his company, does so through the mechanism of consumer sales – he must produce what the consumer demands, and sell it at a price the consumer can afford. Capitalism has elevated the average member of society, for the first time in history, above the level of subsistence living. The peasant has become the consumer, and the serf has become the 'lord of production.' No longer does the feudal master dictate what the tenant farmer produces; now the needs and desires of the modern day 'tenant farmer' – the consumer - govern the purchasing department of Wal-Mart. We have also experienced the darker corollary to this principle – that of advertising - whereby multiple billions are spent by major corporations to 'help' the consumer in determining both his needs and his wants. "The act of purchasing has increasingly become more impulsive – a situation which modern advertising exploits by orienting itself more and more to the consumer's subconscious."[11] Yet in spite of all of the money spent on advertising, the consumer can still behave in a manner either highly conducive to profit-making by the producer, or in the exact opposite way, and often the shift between the two confounds the rational theories of economists. The field of economic history is strewn with the carcasses of highly-promoted product lines that utterly failed to achieve a profit because the buying public was simply not going in that direction.

Fair prices – *market prices* as they are called in capitalistic economic theory – are undeniably a benefit to society in general and thus something to be applauded by evangelicals. This benefit is the result of the almost sovereign position occupied in the capitalistic system by the purchasing power of the individual purchaser – the consumer. Furthermore, the history of the development of the Western nations, from the time of the Reformation to the present, strongly indicates that an increase in the individual's purchasing power has led to an increase in the individual's political power – economic prosperity has engendered political democracy. The trend now continues as the once-oppressed nations of Eastern Europe, having thrown off the yoke of Communist dictatorships, are now experiencing both greater economic prosperity and greater political freedom.

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[11] Goudzwaard, 149.

These manifest strengths of Capitalism, along with its century-long struggle with Communism, have all but wedded Evangelical Christianity and Capitalism in the minds of many believers. Although somewhat vague on specifics, Professors of Economics Victor Claar and Robin Klay of Hope College offer their view of a healthy and balanced society: “We picture society as a tripod, supported by three poles, each of which must have the size and integrity to enable people and their communities to thrive. These poles are democratic government, the market economy, and strong religious and cultural institutions.”[12] Ronald Nash advocates the purest possible form of Capitalism as best for society: “Capitalism is quite simply the most moral system, the most effective system, and the most equitable system of economic exchange. When capitalism, the system of free economic exchange, is described fairly, there can be no question that it, rather than socialism or interventionism, comes closer to matching the demands of the Biblical ethic.”[13]

Economics as Ethics:

Such exalted praise for Capitalism can be understood when compared to the inefficient and oppressive systems of feudalism, fascism, and communism. But with the demise of those failed economic structures, the comment by Nash may perhaps be interpreted along the same lines as Winston Churchill’s famous panegyric concerning democracy being the worst possible form of civil government, aside from all the rest. The merits of capitalistic economics thus far discussed place the ‘system of economic exchange’ far above all others in terms of *results*; pragmatically speaking, Capitalism simply works better across the board as a system of exchange. And from the viewpoint of civil polity few can now argue that Capitalism fosters

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[12] Claar, Victor V. & Robin J. Klay, *Economics in Christian Perspective* (Downers Grove: IVP Academic; 2007), 17.

[13]Ronald H. Nash, *Poverty and Wealth: The Christian Debate Over Capitalism* (Westchester, IL: Crossway Books, 1986), 80.

greater freedom and opportunity for socio-economic advancement, with a much broader reach across societal classes, than any other system. Before Capitalism can be so warmly praised, however, it must be evaluated from more angles than those of pragmatism and polity. A truly biblical analysis of any economic system must pursue the investigation along *ethical* lines as well as those of *efficiency* and *empowerment*. And from an ethical viewpoint, the evangelical's relationship with Capitalism can never be entirely comfortable.

Michael Novak, in his book *The Spirit of Democratic Capitalism* notes that the very same virtues that render Capitalism the most efficient and effective system of economic exchange and, consequently, the generation of worldly wealth, also render it a source of 'moral anxiety' for Christians.[14] This is due in large part to the numerous passages, primarily from the New Testament, that warn against the accumulation of worldly wealth, and to the seeming incongruity between the *competitive* nature of capitalistic economic practices and the cooperative spirit of Christianity. Time and again Christian writers upon this theme are forced to fall back, Churchill-style, on the evident practical success of Capitalism as compensation for its equally evident moral weaknesses. Brian Griffith writes, "Although competition is not an ideal for a perfectly Christian world, the case for competitive markets is that in a world of scarcity they are superior to other practical forms of economic organization in terms of allocating resources."[15]

The success of Capitalism in expanding the boundaries of social participation in the economy emphasizes the fact that many more individual consumers will make daily economic choices, choices that must each be ethically analyzed in accordance with biblical precepts. Failure to recognize this fact, and to live faithfully according to it, will result either in the believer's unreasoned rejection of his cultural milieu or to his complete adaptation to it. The

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[14] Michael Novak, *The Spirit of Democratic Capitalism* (New York: Simon and Schuster, 1982), 342.
[15] Griffiths, 73.

latter is most prevalent within Western evangelicalism and represents what Lesslie Newbigin called the 'domestication of the truth.'

The primary aim of this particular study is not only to ethically critique the otherwise very successful economic system of Capitalism, but to attempt to propose a biblical economic paradigm for the modern community of faith as it lives and functions as Salt and Light in the contemporary capitalistic economic environment. This will be done recognizing the triumph of Capitalism over other modern economic systems viewed from the perspective of economic efficiency and political liberty. However, for each of the previously enumerated strengths of Capitalism, there exists an ethical 'dark side' that the believer cannot ignore. The examination of these vices corresponding to the virtues of Capitalism are not meant to be an indictment of the economic system as a whole, but rather a reminder that the believer is called to a higher standard of judgment and that the world's ethics are to be surpassed by those who have been called by God in Christ Jesus.

The 'Dark Side' of Capitalism:

It is hard to conceive of a negative aspect to the concept of *personal liberty*, especially when one compares freedom and economic opportunity to the alternative of economic bondage and oppression. The rigid, inescapable caste system of Feudalism and the state-mandated labor structure of Communism are social phenomena thankfully relegated to the past in many nations, and becoming obsolete in many others. Nonetheless, economic and political freedom, fostered by a market-based democratic polity, has created a social atmosphere of individualism that has severely undermined the traditional structures of human society – the family and the community. The opening of economic opportunity to a wider segment of society has resulted in the pursuit of economic advancement as an individualistic end within society – the merit of the individual has largely become measured by wealth rather than function within the community. Work no longer carries implicit worth, it is now the means to the end of economic wealth. The result has been a disintegration of the nuclear family, as individuals pursue economic opportunity wherever it leads, often hundreds or thousands of miles from 'home.'

Individualism – to be distinguished from individuality – places the highest premium upon the right of the individual to develop his own skill and capital to achieve economic success, and repudiates any interference with that right. R. H. Tawney recognized this societal trend at the turn of the twentieth century, and wrote presciently of the consequences in his famous work, *The Acquisitive Society*. Tawney describes individualism as a focus on the rights of 'separate units' within a community, rather than upon any subordination of those rights to 'common obligations.'[16] Economic individualism has atomized Western society, encouraging the pursuit of economic success at the expense of once closely knit families, communities, and churches. H. Richard Niebuhr highlights the dangers of an unbridled and selfish individualism, rightly noting that there are inherent tensions between political and economic democracy and biblical Christianity,

> In these states (i.e., democracies) we meet measureless claims to freedom by individuals and groups which recognize no higher obligation; we encounter a pure individualism that supplants the idolatry of the state by the idolatry of the self; we find a pure commercialism which resents restraint and a pure sectarianism that guards religious liberty only to prevent some other ecclesiastical group from gaining public advantage in the competition for power. We shall do well then to avoid not only the identification of Christian faith with the doctrine of the absolute goodness and power of the people but also with the character of modern democracies.[17]

This pursuit of economic opportunity has generated a new social phenomenon for Western societies – income and occupational mobility. Income mobility, usually voluntary,

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[16] R. H. Tawney, *The Acquisitive Society* (New York: Harcourt, Brace & Company, 1948), 48

[17] H. Richard Niebuhr, *Theology, History, and Culture* (New Haven: Yale University Press, 1996), 156.

involves the movement of workers in pursuit of higher paying employment and career advancement. This form of mobility is most common within the white-collar employment field of college-educated professionals. Occupational mobility, often involuntary, involves the physical relocation of labor in the search of employment. Occupational mobility occurs when regional industries fail and large segments of the work force find it necessary to move to other regions where industry or business is stable or growing. Whether for income or occupation, it is of the very essence of a capitalistic market system that the workforce be mobile. Adam Smith, in his seminal work *The Wealth of Nations*, ties the economic prosperity of any society to the 'free circulation' of labor, not to be hindered by either social or governmental restraints.

Anyone who has worked for a large corporation has experienced the importance of mobility to the upward trajectory of their career.[18] And anyone who has worked in the 'Rust Belt' industries of steel and automobiles, or the textile industry first in the Northeast and later in the South, has experienced the dearth of employment opportunities for those unwilling to move from their community after the local plant has closed. Labor mobility is both a prerequisite and a consequence of market economics. But in any form – voluntary or involuntary, occupational or income – such mobility is detrimental to the stability of the nuclear family, the community, and the church. Such mobility creates a semi-nomadic society in which individual members belong everywhere and are at home nowhere. The price paid for economic prosperity gained through labor mobility has been the loss of both the nuclear family and the insular community. Not only are individual family units scattered miles apart by career paths, but the age-old multi-generational community structure has become a quaint memory.

[18] The author spent fifteen years as a licensed Chemical Engineer in the petroleum and petrochemical/polymers industries prior to entering the pastoral ministry full-time.

The loss of community in all of its forms is perhaps the most expensive unintended consequence of the success of Capitalism. For the Christian this loss alone should cause a critical re-evaluation of Capitalism, for community is at the heart of the Covenant of Grace established between God and man through Jesus Christ. “The basis of community for the Christian is not utilitarian but part of a created order in which the individual needs others in order to develop himself.”[19] Rigid caste systems and state labor control are not the answer. Still, believers cannot accept the promise of economic opportunity at the expense of community solidarity; it is too high a price to pay.

The unparalleled ability of the free-market economic system to create wealth also has a negative side, one that has troubled evangelical writers, theologians, and pastors for generations. Tawney criticized early twentieth century wealth creation in Great Britain for its disconnectedness with social purpose – often the greatest accumulation of wealth was to be found in commodities that benefited only the wealthiest members of society. But the century itself displayed the tremendous effects of Capitalism in spreading the wealth around, and increasing the income and living standards of a very wide segment of society. Tawney predicted that a continuation of the economic practices of industrialism might double the per capita income of British citizens from 1914 - just before the Great War - to the end of the century. In fact, the per capita GDP of Great Britain grew from £40 (the figure quoted by Tawney) to over £35,000 in 2010.[20]

British society did not heed Tawney’s warnings in 1920, and production of luxury goods and ‘non-necessities’ continued to grow exponentially, with the exception of war years, through most of the twentieth century. What did change, however, was the percentage of society in both

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[19] Griffiths, 82.
[20] CIA Factbook estimate; adjusting for inflation the £40 of 1914 would be worth approximately £2,400 today. The difference is still vastly more than the doubling predicted by Tawney.

the United Kingdom and the United States capable of availing themselves of these commodities. Both of these Capitalistic nations became, in Tawney's phrase, *Acquisitive Societies* - "their whole tendency and interest and preoccupation is to promote the acquisition of wealth."[21] Although it is beyond the scope of this current study to go into depth upon the topic, a mere cursory examination of the *advertising industry* – largely a twentieth century development – will show that it both feeds and fosters *acquisition*, leading to a society that is characterized by consumption. Goudzwaard insightfully points out the success of modern advertising in 'postponing the consumer's point of satiation.'

From a purely economic point of view, consumptive behavior within a society fuels economic growth as production increases to meet consumer demand, and employment and wages increase to meet production demand. This is a 'best case' scenario for a free-market economist. But from a biblical point of view, the consumptive mindset is troublesome, to say the least. The 'adding of fields to fields' and 'storing up of treasures on earth' are both proscribed in Scripture, and are indicative of a soul set upon the things of the earth, a worldling. Yet the growth of the 'prosperity gospel' in the United States, and the relative affluence of all Americans when measured in terms of material possessions, indicate that the consumptive mindset has invaded – and now permeates – the Christian churches of this country. A recent survey of American 'mega-churches' shows three of the top twelve large churches to be 'prosperity' churches, with a significant percentage of the largest 260 churches in the country espousing the 'gospel of prosperity.'[22] Reformed churches rightly repudiate the false gospel that links faith with worldly prosperity. Yet the vast majority of professing evangelicals in the United States consider salary increases, job promotions, and the purchase of larger homes to be 'blessings from the Lord.'

[21] Tawney; *The Aquisitive Society*, 29.
[22] Hanna Rosin, "Did Christianity Cause the Crash?" *Atlantic Monthly,* Vol. 304 No. 5 (December 2009), 41.

Much of contemporary Christian literature on the subject of Christians and wealth focuses on the principle of stewardship, that wealth is held 'in trust' from God, the believer being accountable to Him as the stewards in the Parable of the Talents were accountable to their master. The concept is good as far as it goes, but has not gone far toward addressing the issue of acquisitive and consumptive behavior among Christians. Roelf Haan is skeptical, "Stewardship may be a pious and well-intentioned theory, at best derived from a paternalism supposedly based on divine right, but in reality it may serve only to justify the possession of unjust riches."[23] The weakness in stewardship teaching lies not in the believer being accountable to God for what he possesses, but rather in failing to develop a full-orbed *purpose* for the believer's economic life and activity. Thus it fails to address root causes for the attitude of acquisition and consumption, as prevalent among professing believers as among those outside the church.

An associated phenomenon with consumption has been the ever-increasing use of credit for purchases. Capitalistic economics as it has come to form in the latter half of the twentieth century, is largely dependent upon deficit spending. High employment, but not necessarily at high wages, has resulted in a general trend in which the production of goods has outpaced the wage ability of consumers to purchase those goods. Mortgages and consumer credit cards have bridged the gap, allowing consumers to purchase today on the basis of future wages. This has had a corresponding negative effect on personal savings, with the savings rate per household dropping to near zero percent by the end of the 20th Century.

This is not to say that Capitalism *per se* is the direct cause of personal credit problems. Unmanageable debt is not of the essence of capitalistic theory, but it is perhaps of the essence of fallen Economic Man. Nor does the abuse of credit necessarily indicate that credit itself is an evil. Yet the reliance of the current market economy upon consumption versus savings, even if

[23] Haan, 58.

that consumption is on credit, has been painfully manifested by the most recent economic crisis. As part of its stimulus plan of providing billions of dollars of 'troubled asset relief' monies to American banks, the U. S. Government has strongly encouraged the recipients of this aid to loosen credit requirements wherever possible. This is necessary for the economy to resume its upward productive trend: people must begin buying again.

Christians cannot be comfortable with deficit spending either on a governmental or a personal level. Although there are different responses from Christian financial counselors and authors concerning credit and debt, the general consensus remains that believers ought to live within their means and not spend today in anticipation of earnings tomorrow. Reflecting the biblical proverb that the borrower becomes the lender's slave, Fred Catherwood writes, "when the froth of our spending comes from borrowing, we put ourselves into the hands of our creditors, and our independence of action is lost."[24] In spite of the general discomfort we have with deficit spending and accumulating debt, it remains true that a fundamental tenet of Capitalism links economic progress with increasing production. Production, in its turn, demands consumption and consumption demands income. Add to the mix competition between producers, with the assistance of a multi-billion dollar advertising industry, and the result has been a level of consumption that has far out-paced income. This has resulted in unprecedented levels of personal, corporate, and public debt. Many contemporary economists of widely divergent fundamental perspectives believe that the situation has become critical and untenable.

This very brief summary of economic trends in the United States, to be developed more thoroughly as the study progresses, does bring to the fore another aspect of Capitalism that causes discomfort among believers: *Competition*. Competition is of the very essence of

[24] Fred Catherwood, *The Creation of Wealth: Recovering a Christian Understanding of Money, Work, and Ethics* (Wheaton, IL: Crossway Books, 2002), 67.

capitalistic economics. Yet the very word seems to be opposed to basic New Testament ethics where mutual cooperation and "considering others as more important than yourself" are guiding principles for Christian behavior. Competition, on the other hand, often "produces aggression, rivalry, conflict, cheating and discrimination which are anathema to the Christian conscience."[25] Yet the competitive nature of capitalistic economics is maintained by proponents as being a major cause of the benefits that accrue to free-market economies: the optimum division of labor, the most efficient allocation of resources, and the fairest (i.e., market) price available to consumers. Simply put, Capitalism produces economic excellence and this excellence is a direct result of competition in the market place. History has confirmed that non-competitive market systems fail uniformly and abysmally in each of these categories.

How then can the Christian ethically coordinate the concepts of mutual cooperation and economic competition? One important step in bringing about the juxtaposition of two seemingly incompatible concepts, is to recognize that most criticism of capitalistic competition is based on the assumption that an economic exchange is a 'zero sum game.' In a zero sum game one can only win by another losing. Any positive gain by one party must be met by an equal negative loss on the part of another, hence a net balance or sum of zero. The Nobel prize winning mathematician John Forbes Nash (subject of the biographical book and movie *A Beautiful Mind*) received his doctorate from Princeton University based on a dissertation refuting the prevalent zero sum hypothesis in game theory. His work was later instrumental in economic studies showing that the average economic exchange, while perhaps never a perfectly balanced 'win-win' situation, is frequently a positive sum rather than a zero sum transaction. This concept will be explored more thoroughly in a separate chapter on economic theory.

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[25] Griffiths, 70.

Still, it remains to be shown from biblical principles how capitalistic economic exchange can coexist with mutual cooperation and the sacrificial ‘others-mindedness’ inculcated upon all believers by Scripture. The answer cannot lie in the fact that competition is ‘natural’ to man, for man’s ‘nature’ is thoroughly tainted by sin, which much affect any competition in which man participates, economic or otherwise. Nonetheless, economic competition has gained the well-deserved reputation for producing the best product at the fairest price, and is credited with improving the standard of living of capitalistic societies broadly across socio-economic levels. Consequently, evangelical support of competitive economic practices will remain an uncomfortable alliance.

Yet the highest level of evangelical discomfort will perennially be with affluence itself. Simon Schama titles his book on the halcyon days of Dutch economic prosperity, *The Embarrassment of Riches*, indicating the underlying difficulty evangelical believers have always had with the accumulation of wealth. Followers of the One who while on earth *“had nowhere to lay His head”* cannot help but struggle internally with the steady increase in their standard of living to a point today undreamed of even a century ago. The morally troublesome reality of evangelical wealth within Western capitalistic societies may lead some Christian economists to redefine the term ‘wealthy’ as was seen earlier in this Introduction, but most rank-and-file believers will deal with the struggle either by ignoring it, justifying it as a divine blessing or a reward for faith, or subsuming affluence under the modern rubric of ‘stewardship.’

A more critical analysis is required if believers are to live biblically as ‘salt and light’ in the midst of a *capitalistic* generation. The conflict of interest between economic prosperity and inner conscience is almost inevitable, as the very life virtues inculcated by evangelical teaching, when coupled with the economic opportunities associated with a free-market environment, have a strong historical tendency toward financial success. This is the major premise of Max Weber's famous treatise and, while his conclusions have not met with universal acceptance, his basic observation that economic prosperity has tended to be the predominant feature of Protestant evangelical cultures is irrefutable. Thus for believing communities that reject the notion of wealth as inherently evil there exists another, more subtle danger – the danger of assimilation.

Robert Louis Dabney, whose writings from the mid nineteenth century have proven to be prescient if not prophetic, attempted to develop some general evangelical principles to guide Christians at a time when this country's economic prosperity was only beginning to emerge. Even at this early stage Dabney noted "the strong similarity of rich Christians to rich unbelievers in regard to the style of living."[26] In our own day, Brian Griffiths, an evangelical believer, a free-market economist, an advisor to then-Prime Minister Margaret Thatcher, and currently a member of the House of Lords in Great Britain, has struggled throughout his career to bring biblical economic principles to bear upon neoclassical economic theory and practice. So it is without theoretical bias that Griffiths writes,

> For Christians, the emphasis of the market economy on profit, growth and prosperity seems to fit uncomfortably with what the gospels have to say on these subjects. More than that, it is widely held that capitalism as a system has produced such a materialistic way of life in the Western world that it now threatens to undermine Western societies in a way which might lead to their ultimate destruction.[27]

Griffiths describes the challenge that faces all evangelical believers living in capitalistic Western societies. The challenge grips at the levels of both conscience and practice. It demands that the free-market economic system neither be rejected unthinkingly, nor accepted uncritically. The challenge itself has been made even more acute by the manifestation of inherent weaknesses

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[26] Robert L Dabney, *Discussions: Evangelical and Theological*, Volume 1 (London: Banner of Truth, 1967), 1.
[27] Griffiths, *Creation of Wealth*, 14.

in the free-market economies of the West since the fall of Communism two decades ago. There is a growing number of economists, both Christian and secular, who believe that the current economic and financial crisis betrays more than just the natural fluctuations of the 'business cycle.' Concern has been growing for years among free-market advocates that the weaknesses of the modern capitalistic economic model are structural. Larry Burkett, a well-known Christian financial teacher and counselor in the latter years of the twentieth century, published his book *The Coming Economic Earthquake* in 1991, just two years after the fall of the Berlin Wall marked the triumph of the Capitalist West. Secular writers have also joined the chorus of warning, with the Atlantic Monthly publishing several thought-provoking articles in the recent past, such as "The Forces Making for an Economic Collapse" in 1996 and "Countdown to a Meltdown" in 2005. The concerns, which will be analyzed in greater detail in this study, are remarkably similar between both believing and non-believing authors: an emphasis on productivity-fueled consumption, which is in turn fed by credit and debt. The weakest links of the modern Western capitalistic economy are exactly those aspects of Capitalism most troublesome to the Christian mind.

Salt & Light:

Economic recession has presented the believing community with an excellent opportunity to manifest the wisdom of God's grace through the guidance of His Word as it relates to the economic realm. It is the purpose of this current study not only to investigate the biblical teaching on economic theory and practice, but also to challenge conventional evangelical wisdom concerning the role of believers vis-à-vis the economy.

This is not, however, a new call for social *in*activity, cloisterism, or monasticism. There is a middle ground between the public square and the hermit's cave. This is not so much a balance between 'engagement' of culture on the one hand, and 'isolation' from culture on the other, as a different paradigm of interaction altogether. It is the underlying premise of this study that God has called out a people into the Church, who are to consequently live in unique community within and in the presence of the unbelieving host culture. Biblical separated-ness, as it is applied to the people of God, has as its divinely ordained purpose, *witness*. Therefore, the goal of this study will be to present a more biblical model of Christian economic theory and practice, shifting emphasis away from the individual believer's role within the economy to the role of the community of faith, its role as an economic body within the larger unbelieving culture, and the individual's role within that community. The issue is not that of 'the Church speaking' but rather that of 'the community living.'[28] The overarching principle guiding this study will be the nature of the believing community as 'salt and light' within the prevailing darkness and corruption of the capitalistic economic world in which it finds itself. Within that rubric, the economic principles of life inculcated through Scripture will be developed from the tripolar aspects of the Creation Mandate, the Covenant relationship of God and His people, and the Communal nature of God's people called to be a unique and peculiar body within culture at large.

[28] D. A. Carson, *Christ & Culture Revisited* (Grand Rapids: William B. Eerdmans, 2008), 143.

Chapter 2: Primer on Economic Theory

John Kenneth Galbraith offers an amazingly dogmatic statement regarding the average individual's consideration and apprehension of economic theory. In his book *American Capitalism*, Galbraith writes, "Man cannot live without an economic theology – without some rationalization of the abstract and seemingly inchoate arrangements which provide him with his livelihood."[29] If this is true, then it must be equally true that most men hold their economic theology in ignorance, for very few people have even the most rudimentary understanding of economic principles and practices, much less economic theory. The level of comprehension for the average consumer is often no more than knowing that the United States is 'Capitalistic' as opposed to the 'Communism' of the former Soviet Union and present-day China. With the passing of years since the fall of Soviet Communism, even this definition of Capitalism by negation – what it is not – is losing ground. As for the day-to-day economic issues of the average American life, for the most part they remain 'abstract and seemingly inchoate' without any 'rationalization.' Far too many Americans have no idea how to balance their own checkbook, or even that such an effort is necessary. This ignorance is magnified exponentially when the subject moves from the realm of personal finance to that of national and international economics. It would be somewhat amazing to get an explanation of compound interest from 'the man on the street'; for him to comprehend stock options, short sales, or derivatives would be almost miraculous.

If pressed for a further explanation of Capitalism, more than simply saying that it is not Communism, the average American might be able to say something about a 'free market' or

[29] John Kenneth Galbraith, *American Capitalism*, 17.

'supply and demand'; perhaps remembering these terms from high school Economics. But what does 'free market' mean? And does the American economy constitute such a thing? Some might say that a free market is one in which market forces determine such things as market price, production and distribution networks, and labor demand and wages. But what of government subsidies, grants, and 'bailouts' to assist selected segments of the economy? How does the free market react to labor unions and minimum wage laws? The fact of the matter is that the modern American economy can be defined as 'Capitalistic' or 'Free Market' only within the context of the increasingly archaic comparison to Communism. Viewed in its modern form, American Capitalism has become quasi-socialistic, interventionist, and increasingly controlled by of the Federal Reserve Board. Market forces are no longer allowed to run their course: as the recent 'Great Recession' brought to light, the U. S. Government will intervene in an attempt to preempt or countermand market dynamics once thought inviolable. Adam Smith's 'invisible hand' is now tied behind the market's back, while individual self-interest has been replaced as a guide to market developments by special interests in the political realm.

So it remains that the average American consumer is operating under an economic paradigm – if he possesses a conscious paradigm at all – that probably ceased being even a marginally accurate picture of the actual economic landscape some time in the 1940s or 50s. When it comes to Americans' understanding of the 'abstract and seemingly inchoate' economy, perhaps Galbraith is closer to the truth when he paradoxically writes elsewhere, "we do many things that are unnecessary, some that are unwise, and a few that are insane."[30]

Yet it is the central thesis of this study that believers, of all people, ought indeed to have a 'theology' of economics, and that the church ought to provide sensible and biblical guidance to the community of faith with regard to their economic worldview and practice. This theory is

[30] Galbraith, John Kenneth, *The Affluent Society* (New York: The New American Library, 1958), 14.

based upon the recognition that economics is first and foremost an *ethic* and only secondarily a *science*. Furthermore it is a universal ethic, as economic views and actions belong to all men, believing and unbelieving alike. While there have been treatises and books written that deal with the biblical principles with respect to personal economic behavior, little has been done within the modern church to educate the congregation with regard to secular economic theory. The result has been only partially effective, as believers equipped with biblical principles wade into an economic ocean fraught with rip tides, undertow currents, and occasional tidal waves. Believers are taught to tithe, to get out and stay out of debt, to make a household budget, to save for education and retirement, and so on; but have little understanding concerning the dynamics of the economy in which they are to do all of these things. As valuable as these financial self-help books may be, they are indicted by the fact that American Christians often rise and fall according to the economic tides, their economic thoughts and actions differing little from their unbelieving co-workers and neighbors.

The working hypothesis of this study is that by combining biblical economic principles with a heightened understanding of the prevailing economic theories that characterize the modern American system, the believer will be better equipped to live biblically in the economic sphere of life. More importantly, it is to be remembered that the covenant community is called upon by the Lord Jesus Christ to be ‘salt and light’ in the world in which they live, having been providentially put in any age ‘for just such a time as this.’ It is not incumbent upon the church to develop economic theory for the world to follow, yet it is crucial for the church and her members to understand her role as witness to the age and culture in which she lives. There are many facets to this living testimony of the community of believers; economic philosophy and practice constitute a very important one. One author considers it to be the foundation of all other aspects of life, “Of the various spheres of culture – economic, political, social and religious – in the West, it is the economic sphere upon which the other spheres are built.”[31]

It is beyond the scope of this study to attempt to develop and explain the multitude of economic theories that have risen and fallen, and risen again, through the modern history of Western economics. There are, however, several philosophical milestones that chart the path that Capitalism has taken, especially in the United States, on its journey from Adam Smith’s *Wealth of Nations* in 1776 to the “Troubled Assets Relief Program” of 2008. In spite of the United States being the bastion of capitalistic economics, these contributions to economic theory were generally not American developments but for the most part British, though each has had a more profound effect on the American economy than that of their country of origin. The road begins with Adam Smith of Scotland, and a trio of English social philosophers who expanded on his work: Jeremy Bentham, David Ricardo, and Thomas Malthus. The economic school attributed to the teachings of these men is known as *classical* economics, a market-based philosophy that found a ready audience and firm adherence in the young and growing United States of America. Classical economics dominated American economic thought until the frequent economic crises following the American Civil War began to move the country toward a more interventionist model. Neo-classical economic theory, credited to one of the few American contributors to America’s economic history – Thorstein Veblen – was a shift toward government interventionism favoring the upper class of American society. A full-blooded interventionist theory did not come until the fourth decade of the 20th Century, during the Great Depression, with the publication of John Maynard Keynes’ magnum opus, *General Theory of Employment,*

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[31] John E. Stapleford, *Bulls, Bears & Golden Calves: Applying Christian Ethics in Economics* (Downers Grove: InterVarsity Press, 2002), 55.

Interest, and Money (1936). Keynesian theory and practice were dominant well into the 1970s, and still holds a significant measure of influence among government economic policy makers.

As with the social demographics of American society, so also the economic milieu is a ‘melting pot’ of the various strands of historical economic thought, from Smith to Keynes and from Marx to Von Mises. The believer who seeks to formulate a distinctively Christian and biblical ‘theology’ of economics, should note that those who developed the various economic theories thus summarized, from Capitalism to Keynesianism - were not evangelical Christians. This fact alone should not condemn the theories developed by these men, but it should motivate believers to analyze them critically, and to accept and employ them cautiously. We proceed, therefore, to a more thorough investigation of the major themes in American economic thought.

The Wealth of Nations:

Adam Smith (1723-90) is universally recognized as the ‘Father of Modern Capitalism’ for his ground-breaking treatise on the role of market forces upon the accrual of wealth by both individuals and nations. Originally published in 1776 under the subtitle “An enquiry into the nature and causes of the wealth of nations,” Smith’s famous book outlined an economic system which radically departed from the government-sponsored mercantilism that had prevailed in England and Europe since the Age of Sail began in the 16th Century. Smith did not invent Capitalism when he wrote *The Wealth of Nations*, rather he codified an economic phenomenon that had been developing in England and on the Continent for several generations. He was, perhaps, the first author to approach Economics as a Science instead of as an Ethic, and in doing so he epitomizes the rational spirit of the Enlightenment era in which he lived. As a moral philosopher firmly planted in his own age, Smith tended to view economic events as mechanistic cause-and-effect transactions and thus presented his massive treatise as a scientific report on the manner by which any nation could bring about its own prosperity.

The centerpiece of Smith's analysis of wealth-producing economic practice is the 'Division of Labor,' to which he devotes a great deal of ink. Chapter 1 of *The Wealth of Nations* opens with the declaration, "The greatest improvement in the productive powers of labour, and the greater part of the skill, dexterity, and judgment with which it is any where directed, or applied, seem to have been the effect of the division of labour."[32]

The concept of the Division of Labor is so commonplace today it is hard to appreciate the Copernican Revolution it represented within the economic world of the 18th Century. The prevailing economic model both in England and in Europe, as well as in the American colonies, was the village or manor-based feudal market, wherein every locality formed a semi-autonomous, self-contained economic sphere almost entirely independent from the villages and cities, and most certainly the nations, of the wider world around them. Such intra- and international trade as existed was usually the trade of finished goods, and often under the control of government-chartered monopolies from which the government exacted its tax, duty, or tariff as the price of doing business. The vast majority of citizens, however, participated in an economic environment that rarely extended beyond their own village, and almost never beyond the largest town or city in their county. In this economic world every need was necessarily produced by each individual consumer – candles, soap, clothing, etc. – and only to the quantity (subsistence) needed and quality (poor) of which the consumer was capable. Large-scale manufacture of individual items was yet a concept of the future.

By the mid-18th Century, however, the humming factory and the mass-produced goods that would flow from it were not far off in the future. Smith's treatise was the result of his analysis of the division of labor in the few places it was being employed in Great Britain and Europe. Without a comment on the mind-numbing repercussions of repetitive work, Smith hails

[32] Smith, Adam, *The Wealth of Nations* (New York: The Modern Library, 2000), 3.

the productive efficiency of labor exerted toward a single productive end, "Men are much more likely to discover easier and readier methods of attaining any object, when the whole attention of their minds is directed toward that single object, than when it is dissipated among a great variety of things. But in consequence of the division of labour, the whole of every man's attention comes naturally to be directed towards some one very simple object."[33]

This principle is true, claims Smith, not only of the individual laborer but also of the nation which turns its economic might toward the production of that good or commodity for which it is specially suited by climate, natural resource, or geography. Again without regard for the fact that such specialization often renders a nation incapable of meeting its own economic necessities internally, Smith strongly advocates the principle by which a West Indies island has its economy vested entirely and solely in sugar, due to the fact that sugar grows so well there.

In his own day, Smith was one of the foremost opponents of government intervention in the economy of any nation. Smith considered government regulation of the production of goods to be both inefficient and harmful to the economic prosperity of any nation: "I have never known much good done by those who affected to trade for the public good."[34] He believed, rather, that the individual merchant or craftsman is the best arbiter and distributor of his own labors. The government's role, according to Smith, was to protect the legal right of private ownership and to provide a stable financial environment in which market forces would operate freely.

Perhaps the most counter-intuitive (at least from a Christian perspective) principle that derives from Smith's pen, is that whereby he ties the ultimate economic good of society to the individual's pursuit of economic self-interest. He acknowledges that the *intention* of social good is rarely the *motivation* of an individual's economic action; nonetheless the former flows under

[33] *Ibid.*, 9.
[34] *Ibid.*, 485.

normal circumstances from the latter. In economic pursuits rapacious selfishness is ultimately self-defeating. In the long run it makes sense for the merchant, while pursuing his own interest, to also meet the interests of both his suppliers and his clientele. This phenomenon of the intrinsic economic good of self-interest is uniquely Capitalistic, and forms a central tenet of that economic philosophy. Smith defends his thesis with numerous examples, showing how the larger economic game benefits most when each individual player within it pursues a course guided by what he perceives to be his own economic benefit.

This concept of the good of self-interest would later be quantified into economic theory by the mathematical genius John Forbes Nash (1928-). Nash successfully countered the view prevalent in game theory known as 'zero sum' whereby any gain by one player must be balanced by an equal loss on the part of another. Applied to economic theory, zero sum claims that no one can benefit economically without another suffering an economic loss. This forms the basic premise of those who oppose Capitalism. But Adam Smith intuitively, and John Nash mathematically, proved that a zero sum result is not only not a necessary conclusion, but in normal economic transactions not even a likely one. The logic of economic transaction stipulates that if one side of the exchange feels cheated by the proposed result he will refuse the transaction altogether. It is axiomatic among theoretical advocates of classical Capitalism that both the buyer and the seller can walk away from a market transaction pleased with the result.

The unintended but ultimate economic good of the pursuit of self-interest corresponds to the operation of Smith's famous 'invisible hand' – the unseen force guiding the movements of the market through the individually-determined economic actions of producers and consumers. Some have concluded that the 'invisible hand' reference (made only once in the entire book) is a passing allusion to Smith's deistic concept of the Almighty. This is unlikely; it is more reasonable to conclude from the natural philosophy that permeates Smith's writing that the 'invisible hand' is the impersonal but omnipotent power of the economic market, a 'law' in the marketplace analogous to the law of gravity in the realm of nature. Unhindered, and through the proper employment of the division of labor, the Market will act and react to produce prosperity for the individual and for the nation.

It is hard to overestimate the influence of Smith's view regarding the pursuit of economic self-interest toward the sanctification of *competition*. The Classical School of economic thought, therefore, may be characterized by this word. The unfettered competition of both producers and consumers in the market place alone results in the correct distribution of material goods at the proper (market) price. It remained for Smith's successors to employ scientific analysis to the mechanics of the market in an effort to determine and predict the behavior of consumers and its impact upon the actions of producers. The man who most profoundly influenced this aspect of the study of economics was Jeremy Bentham (1748-1832) through his economic theory of *Utilitarianism*.

The Power of Utility:

Perhaps the philosophical view that most epitomizes the mechanistic nature of classical economics is the *utilitarianism* of Bentham. Drawing from the ancient Greek view that man pursues pleasure and avoids pain, Bentham theorized that all economic decisions were made on the individual's perception of *utility*. All choices, therefore, are weighed, sifted, and selected on the basis of their utility toward the goal of maximum personal happiness and minimum personal pain. The ethical basis of economics – the right and wrong of economic choices and activities – is subsumed by Benthamites under the sovereign authority of utility: whatever choice is more efficient toward or productive of the achievement of happiness, or the departure from pain, is to be chosen. In the world of consumption happiness comes to be measured in terms of the quantity of goods produced for the amount of labor expended. Material goods, and their increasingly universal availability, are ‘good’ in the utilitarian sense of bringing well-being to the consumer, whereas the labor expended to produce them is considered a ‘disutility’ in that the time spent laboring is not spent consuming.

The aggregate result of such a utilitarian focus on economic development is the prizing of two related economic virtues above all others: *efficiency* and *productivity*. The maximum output of consumer goods for the minimum input of labor becomes the chief end of economic activity. Technical invention and innovation combine to facilitate the twin goals of efficiency and productivity, the historical result being an unprecedented increase in the quantity, variability, availability, and affordability of consumer goods in all industrialized societies. By the numbers this is an unmitigated success story for Capitalist economic theory and practice, but it has come at a high personal and social cost.

John Kenneth Galbraith writes of the ‘Dependence Effect’ in his book *The Affluent Society*. Galbraith reasons that by setting goals of ever-increasing efficiency and productivity, Western society has created a situation wherein an increase in the standard of living is expected by each successive generation. At the beginning of this trend, increased production answered to tangible consumer needs that went chronically unmet throughout history, things like nutritious food and adequate clothing. Two hundred years into the process, however, production now creates – through increasingly expensive advertising – the void that it seeks to fill. “One man’s consumption becomes his neighbor’s wish. This already means that the process by which wants are satisfied is also the process by which wants are created.”[35]

The goal of increasing a society’s standard and quality of life is noble in and of itself. The problem with the ‘Dependence Effect’ is that the expectation of increase becomes inherent

[35] Galbraith, *The Affluent Society*, 125.

within society, and the natural cycle of economic downturns becomes intolerable. Society itself becomes adamant in its opposition to any economic regression (i.e., recession, depression, inflation and so on) and, as Galbraith both predicted and advocated, government intervention increases in an effort to simulate productivity when that virtue is lacking from economic reality. The economy of the United States has had its most recent bout of such interventionism during the current ‘Great Recession,’ and is beginning to become aware of the long-term detrimental effects of such policies. There is a recognized danger of future instability as long-term economic health has been sacrificed to the urgency of present consumption.

Efficiency, too, is a double-edged sword. On the one hand, the ability to produce ever-increasing quantities of consumables through ever-decreasing outlays of labor has resulted in a society that offers leisure time and activities to a vastly broader segment of the population than ever experienced, or even contemplated, before. Technological invention and innovation has in large measure placed the most back-breaking of manual labor onto the shoulders of machines, which has had the benign effect of raising both the standard of living and the life expectancy of that level of the socio-economic strata that historically suffered most: the working class. But technology does not merely ease the work of man, it often *replaces* man as the laborer altogether. Older, agrarian economies suffered seasonal unemployment; market-oriented Capitalist economies suffer systemic and rolling unemployment as entire crafts are replaced by technology or by cheaper labor elsewhere. This, too, has culminated in further government intervention to create a ‘safety net’ for those members of the economy whose livelihood has been replaced by the machine. We shall see further in this chapter that the issue of full employment grew so problematic by the 1930s that a radical shift in economic policy focus occurred: *Keynesianism*.

Chronic Misery: Malthus & Ricardo

Thomas Malthus (1766-1834) and David Ricardo (1772-1823) represent the second generation of economic thinkers following Adam Smith. Each in his turn fine-tuned the economic premises set forth by Smith in his *Wealth of Nations*. And each became known for a particular aspect of Capitalistic economic theory of the classical school. Ricardo's 'comparative advantage' and the Malthusian Cycle became important features in the new science of Economics.

Ricardan Comparative Advantage:

Ricardo expanded upon Smith's concept of the Division of Labor, and extended it to an analysis of both the individual's and the nation's *comparative advantage*. His theory is widely followed today as international financial aid organizations such as the World Bank and International Monetary Fund (IMF) seek to solve the financial woes of nations around the world. Ricardo's concept is simple: determine which aspect of economic productivity represents a clear advantage for the individual or nation over competitors, and then focus all economic development efforts in that direction. In the context of Ricardo's world, the comparative advantage of an individual might be metal work or engineering; of a nation it might be textiles or growing sugar. In the present world situation, we would say that Saudi Arabia's comparative advantage is the production of oil, Southeast Asia's the manufacture of electronic goods. The theory goes beyond just 'do what you do best' to the point of doing what can be done most efficiently and at lowest marginal costs. The Ricardan theory of comparative advantage is the philosophical foundation for modern 'out sourcing.'

Galbraith calls Smith, Ricardo, and Malthus the 'founding trinity of economics,' so one must be very careful to gainsay the economic theories of these early giants in the field. However it must be noted that Ricardo's theory of comparative advantage suffers a serious flaw. This is the fact that consumable goods often have to develop through a process from raw material to finished product, and that the inherent 'value' of each stage is not the same: the good becomes more valuable as it approaches finished condition. For instance, the value of raw cane sugar is miniscule compared to the value of processed granular sugar, packaged and ready to set out for tea time. Individuals and nations on the finishing end of the 'value added' spectrum benefit disproportionately from Ricardo's system. Return on investment, therefore, is not distributed equally either across the spectrum of individuals or of nations, resulting in a disparity of income that is inherent to the system.

This disparity, however, is not the major problem with Ricardo's theory in practice. The greatest practical weakness of the theory is the resultant inability of individuals and nations to develop a balanced and supportive economic structure within the boundaries of their own lives and countries. Specialization may indeed lead to greater efficiency in the targeted area, but it will also invariably lead to gross and detrimental inefficiencies in all other areas. Thus today there are many workers who are rendered virtually un-marketable when their particular craft is either 'sent offshore' or replaced by technology. Nations whose economies were geared almost entirely toward the production of one cash crop have been for generations incapable of producing sufficient staple crops to sustain their populations above bare subsistence.

The Mathusian Cycle:

Inequality and persistent class distinction were a part of the world in which Smith, Ricardo and Malthus lived, a fact reflected in but not challenged by their economic theories. Thomas Malthus codified this social and economic stratification into the Malthusian Cycle for which he is famous, or perhaps infamous. Malthus worked out his cycle in the treatise *Essay on Population* in which he discussed the implications of economic prosperity on population growth, and the subsequent impact of population growth on economic prosperity. Malthus believed that the majority of the human race would always live on the edge of starvation, with only periodic and incremental departures from the verge. Such times of prosperity would result in increased population, which in turn would overstress the economic engine driving the prosperity. An upset in the balance – a bad harvest, war, natural disaster – would propel the whole economy back toward, and over, the brink into famine and starvation. The resultant decrease in population would 'reset the clock' until the economy was able to start growing again, thus traveling the cycle once more. This discouraging forecast, along with Ricardo's persistent class stratification, motivated Thomas Carlyle in 1850 to anoint Economics as 'the Dismal Science,' a classification it has not entirely outlived.

It would appear, however, that the power of free-market Capitalism has broken the Malthusian Cycle once and for all. At least this would seem to be true of those nations who have been most influenced by Capitalistic economic practice. Cycles are still present, to be sure, but now they are called 'Business Cycles,' and happily they are rarely attended with mass starvation.

Neo-Classical Economics:

Classicalism taught economists throughout the 19th Century to expect great divergence and inequality in wealth as a nation prospers. Ricardo and Malthus had convinced many that disparity in income and inequity of wealth distribution were simply the price any society had to pay for overall sustainable prosperity. Yet when their predictions became social realities in the squalor of inner city slums, many voices were raised with cries of reform. The literary efforts of writers such as Henry David Thoreau, Walt Whitman, and Edward Bellamy were united in their attempts to move the country in a more socialistic, utopian direction. For the most part their rhetoric fell on deaf ears.

Reform, however, was the mood of the day at the end of the 19th Century and gave venue to the views of one who Galbraith calls a ‘uniquely American economist’ – Thorstein Veblen (1857-1929). Veblen’s economic thinking was a reiteration of the classical model with a twist, hence it was later termed ‘neo-classicalism.’ He fully accepted the negative prognostications of Ricardo and Malthus, and concluded with them that poverty would forever be the concomitant of prosperity. Veblen did not believe that economic progress would significantly benefit the masses, and adhered religiously to a social stratification in which manual labor was a mark of inferiority, while wealth was indicative of man in his best estate.

Veblen’s unique contribution to economic theory was his treatment of the leisure class: the extremely wealthy, whose ostentatious and wasteful lifestyle brought into glaring relief the growing chasm between ‘capital’ and ‘labor’ in Western economies. Although a direct connection cannot be made, it appears that Veblen borrowed from the views of Bernard de Mandeville, 18th Century author of the *Fable of the Bees* in which he famously postulated that “private vices are public virtues.” Mandeville’s poem was a satirical analysis of the economic life of 18th Century England, and highlighted the reality that the vibrancy of that economy was due in large part to an immoral pursuit of vanity, gluttony, and lust by the wealthiest members of society. “Mandeville makes it clear that one cannot pursue one’s own material happiness as fervently as possible and at the same time claim that one supports high standards of morality.”[36]

In Veblen’s neo-classical reform movement, Mandeville’s tongue-in-cheek parody was codified as economic necessity: the Law of Self-Preservation. Welded together with late 19th Century technology, economic self-preservation took the form of the industrialized corporation, a development that Veblen accepted as both inevitable and ultimately good for society. He did not, however, adhere to the postulate later popular among Capitalists, that the financial success

[36] Goudzwaard, 29.

of the few would permeate society and elevate the socio-economic condition of the masses. The working class was to Veblen as the poor were to Mandeville, a necessary sub-class of any prosperous society, existing solely for the purpose of meeting the wants of the elite. The difference between the two men is that Mandeville was poking satirical fun at the economic situation of his day; Veblen was serious.

Veblen's economic views did not have the same overt influence upon the world as did Adam Smith's; yet they did have influence. The modern version of the same theory is derisively called the 'trickle down effect,' whereby incentives and tax breaks that favor the wealthiest members of American society will also benefit the lower classes. The phrase is attributed to Will Rogers, who wrote during the Great Depression, "Money was all appropriated for the top in hopes that it would trickle down to the needy." Proponents of this form of economic favoritism share Veblen's ideological perspective: that a prosperous society depends upon the vitality, and even the vices, of its luxury class – those whose wealth fuels the most extravagant and ostentatious spending. It cannot be denied that the satisfaction of wants and desires of the wealthiest class in any society provides employment for a large segment of the lower classes. The question remains, however, whether these lower classes are better off in an economic situation wherein their labor goes toward fulfilling the vanity and vices of the rich and famous, as opposed to an earlier time when their labors were geared almost entirely to their own subsistence. As the gap between income and purchasing power continues to widen between the wealthiest in our nation, and everyone else, this question becomes more pressing for the believer and the Church.

The Keynesian Revolution:

The unabated pursuit of wealth and luxury by a small percentage of Western Society has been blamed by many historians for the cataclysmic failure of market economies called the Great

Depression.[37] In turn, the economic deprivations of that time gave influence to the economic views of John Maynard Keynes (1883-1946), without dispute the most significant economic theorist of the 20th Century.[38] The paradigm shift effectuated by his writings is often called the Keynesian Revolution. As such it is perhaps the only revolution in the history of nations in which the government revolted against the people.

The primary treatise outlining the economic system that has since born his name, was Keynes' *The General Theory of Employment, Interest and Money* published in 1936. It was the most aggressive approach in modern capitalistic economic theory to government manipulation of the market to ensure the greatest possible production of goods, and consequently the highest possible level of employment. It was a bold attempt to synthesize Capitalism with a centrally-controlled statist economy. Keynes wrote, "For my part I think that Capitalism, wisely managed, can probably be made more efficient for attaining economic ends than any alternative system yet in sight."[39] Western Capitalistic democracies had vigorously resisted intervention by government into the operations of the market, and generally speaking Western governments had been loath to intervene.[40] Only the desperation engendered by six years of severe economic depression, and the attending high level of unemployment, made Keynes' theory attractive, and it swept across Western Europe and the United States like wildfire.

Keynes' basic paradigm shift was to point out that mere production of goods – and even an ever increasing production of goods – was alone insufficient to ensure prosperity. Production itself was contingent upon consumption, without which all of the goods so efficiently produced

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[37] John Kenneth Galbraith, *The Great Crash 1929* (Boston: Houghton Mifflin Company, 1961), 8.
[38] Galbraith, *American Capitalism*, 76.
[39] Quoted by Goudzwaard in *Capitalism & Progress;* from Keynes, John Maynard, *The End of Laissez-faire*. (London: The Hogarth Press, 1926), 52.
[40] Victor V. Claar & Robin J. Klay, *Economics in Christian Persepective* (Downers Grove: InterVaristy Press, 2007), 127.

by modern technology simply sit on the shelves of stores and in the warehouses. A sudden drop in consumption would consequently result in a domino-effect along the whole system of production, resulting ultimately (and often rather quickly) in a dramatic rise in unemployment. Keynes' great insight was to posit the government's ability to address a decrease in consumer spending through its own fiscal policy – to stimulate spending by direct and indirect intervention. Galbraith offers a cogent summary of Keynes' view that sounds remarkably modern, though it was written sixty years ago. "By public borrowing or expenditure, or the appropriate changes in taxation, the government could make up for the deficiency in private spending. By so doing it could return the economy to full employment and keep it there."[41]

Economists were initially skeptical of Keynes' formula for interventionist spending on the part of governments to stabilize an economy suffering from low production and high unemployment. His advocacy of deficit spending as a result of discretionary fiscal policy was anathema to most economists of his day: it amounted to little more than ameliorating the symptoms while exacerbating the underlying disease. Governments do not, as a rule, earn a profit with which they can invest in the production of consumer goods. Thus any discretionary spending by the government in an effort to stimulate or simulate consumer spending in the private sector must be funded either by increased taxation or debt. The former option is unpalatable to the general public in the midst of a deep recession or depression, leaving deficit spending and the accumulation of debt as the only viable choice. Keynes readily acknowledged this weakness of his theory – that it simply foisted today's problems onto tomorrow's workers and tax payers. He believed, however, that the moral imperative of putting people back to work as quickly as possible *today* overshadowed the disincentive of future debt. It was in response to this common objection to his theories concerning the long run effects of government deficit

[41] Galbraith, *American Capitalism*, 79.

spending that Keynes offered what is probably his most famous quote: “In the long run we are all dead.”

Keynesian economic theory may not have found an immediately willing audience among fellow economists, but it was just what the politicians ordered. Unemployment in the United States had spiked from just over 5% in 1929 to around 25% by 1933. Though unemployment was slowly dropping when Keynes’ *General Theory* was published in 1936, the following year saw the infamous ‘double dip’ of the Great Depression, with unemployment again rising dramatically, hovering between 15% and 20% through the remainder of the decade. Full employment of the workforce, as economists measure it, did not return to the American economy until the conversion of domestic industry to military use in preparation for and participation in World War II. Keynesian fiscal policy offered American politicians with the justification needed to launch a full-scale attack on unemployment through direct fiscal intervention by the government into the economy. The success or failure of this effort has been the topic of perennial debate since the Great Depression, and the advent of the war has forever clouded the issue. What is beyond argument, however, is that government intervention into the American economy, once begun, has proceeded unabated to this day. The adoption of Keynesian economic principles in the United States crosses political party lines: Republican President Richard Nixon famously stated upon removing the American monetary system from the Gold Standard in 1971, “We are all Keynesians now.”

But we must ask the obvious question: Do infusions of cash into an economy by the government effectively ‘jump start’ productivity and thus reduce unemployment? The arguments in support of administrative policies toward the end of the Bush Administration and through the first three years of the Obama Administration have been unreservedly Keynesian in tone. But is it true that government spending actually primes the economic pump, allowing the economy to revive and sending people back to work? Historically the most optimistic answer must be indeterminate, and the statistical answer a resounding 'no.' Keynes' views concerning consumer spending were the product of several generations of evolutionary and materialistic philosophical influence, leading to the general conclusion that Economic Man responds to economic stimulus in a direct cause-and-effect manner. This is simply not true: there are many intangible influences, and not a few irrational ones, that guide the spending habits of man both individually and collectively.

Two prominent contemporary economists, George Akerlof and Robert Shiller, recently published an intriguing work on these immeasurable parameters that enter into the complex and often subconscious mental process called 'spending.' The book's title, *Animal Spirits*, is not as revealing as its subtitle, *How Human Psychology Drives The Economy, And Why It Matters For Global Capitalism.* A significant feature of Akerlof and Shiller's critique of conventional wisdom concerning consumer habits is the fact that both of these economists are themselves Keynesian. The authors, however, wish to somehow incorporate into the overall equation the fact that consumers do not always, and perhaps not even often, respond the way government planners hope and expect. Akerlof and Shiller's assessment of Keynesian economic practice is telling, "In their attempts to clean up macroeconomics and make it more *scientific*, the standard macroeconomists have imposed research structure and discipline by focusing on how the economy would behave if people had only economic motives and if they were also fully rational."[42]

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[42] Akerloff, George A. and Robert J. Shiller, *Animal Spirits: How Human Psychology Drives the Economy, and Why it Matters for Global Capitalism* (Princeton: Princeton University Press; 2009), 16.

The unavoidable truth is that consumers, when given additional cash through government stimulus or tax relief, do not always put that money back into the economy through consumer spending. The intangible quantity of consumer expectation of the future – a quantity the government now tries to measure through the Consumer Confidence Index – reflects the collective optimism or pessimism of the spending public with regard to the direction the economy is heading. The most recent attempts to prime the economic pump by the government have thus far not succeeded: federal money to aid insolvent banks has not eased credit and direct government stimulus to consumers has provided at best a temporary increase in very specific spending areas. Generally speaking, consumers in the midst of a depression or deep recession are fearful of the future, and any additional money provided to them tends to go toward increased savings or personal debt reduction. Neither of these actions stimulates the economy, nor do they have a positive effect on unemployment.

Monetary Interventionism:

The economic theories of John Maynard Keynes represented a paradigm shift in Western society, and established a new trajectory for the economies of Western Europe and the United States. But there was an alternate shift taking place contemporaneously with Keynes, though it began earlier and took decades longer to manifest its full impact. Keynes' views influenced governmental *fiscal* policy, especially in the United States; the other paradigm shift had to do with governmental *monetary* policy.

Fiscal policy has to do with how a government appropriates budgetary expenses through legislation. Simply put, it is how Congress spends money. Ideally the money appropriated through legislation is balanced by the money raised through taxes and fees; but this has not been the case in many, many years. The implementation of Keynesian economic theory into practice during the Great Depression set the American government on a fiscal track of deficit spending and debt accumulation. Maynard Keynes was rather disillusioned with the large central banks of his day, therefore Keynesianism primarily addressed fiscal policy: the use of legislative appropriations to stimulate the economy and to simulate consumer spending during economic slowdowns.

In the United States, monetary policy resides in the Executive Branch of the United States Government through the operation of the Federal Reserve System. In 1913 Congress passed the Federal Reserve Act, which brought into being the Federal Reserve System of national banks. Leaders of the Federal Reserve System, called 'governors,' are not elected officials but are appointed by the President with confirmation by the Senate. The Chairman of the Federal Reserve has become perhaps the single most powerful economic individual in the world. Through him and through the Federal Reserve, monetary policy consists of general, though often vague, oversight of the economy through manipulation of the money supply – the amount of money (cash, savings, securities, credit card balances, and more) present in the economy at any given time. Though the system itself was instituted in 1913, it took almost seventy years before the monetary paradigm shift caught on.

Common to both the fiscal and the monetary side of economic thought, as they evolved through the 20th Century, is the belief that some degree of government intervention is necessary to keep the economy sailing on an even keel and to right it when it lists. What is alarming to many economists is the fact that during the recent and ongoing 'Great Recession' both fiscal and monetary intervention has been employed to an unprecedented degree, thus far without visible success. Massive amounts of money have been injected into the economy by legislative action: civil works programs aimed at addressing America's aging infrastructure, underwriting of bad and questionable mortgages, tax credits for first-time home buyers, direct bailouts of financial, insurance, and automotive corporations, and more. The amount of deficit spending that has occurred since the onset of the current downturn has members of both political parties extremely reluctant to do more, especially in the face of a demoralized electorate ready to take out its impatience upon incumbents.

The government's monetary mechanism has been in full swing as well. The Federal Reserve has not only lowered its benchmark interest rate to zero, it has also begun purchasing mortgage-backed securities from the private sector. The Fed has taken this step, a first in its 100-year history, in an effort to clean up the books of mortgage loan institutions with the hope that these institutions will begin lending money again and thus fuel corporate capital investment and private home-buying. Home buying leads to home building, and the construction industry is one of the bellwethers of the American economy. Disturbingly, however, the banks and mortgage companies that have sold their least profitable mortgages to the Federal Reserve have not consequently loosened mortgage lending. Furthermore, even though mortgage interest rates to private home buyers are at the lowest levels since historical data was first recorded in 1971, home buying has not significantly increased across the country. Add to this the fact that average housing prices have plummeted in the past 2 ½ years, and the lack of home sales presents a very alarming portent for the economy, at least for the near term future.

Another paradigm shift is already in the works, and perhaps further along that Americans realize. As the American economy sputters and unemployment remains annoyingly high, the Federal Reserve continues to hint publicly that more intervention will be forthcoming. Considering all that has already been done in the way of manipulation of the Money Supply, assumption of delinquent loans, direct financial assistance, and even partial stock ownership of public corporations, it is hard to imagine what more the government can do. Yet the government is merely doing what the economy – American businesses and American citizens – have come to expect. An illustration of this shift in economic attitude from a dependence on market forces to a dependence upon government intervention occurred in November 2010. That month, the Federal Reserve announced plans to purchase $600 billion in Treasury securities. What is so remarkable about this massive injection of money by the Fed is the fact that many economists, and the 'market' in general, felt the move to be too anemic. "The $600 billion in announced purchases comes in at the low end of what the market might have liked to see."[43] This is a sobering thought, that a $600 billion infusion of debt-funded cash – on top of the more than $1 trillion already pumped into the Great Recession – can be viewed as stingy on the part of the Fed.

In this brief survey of economic theory, especially as it pertains to the American economy, it is evident that shifts in economic theory and practice happen. Such shifts have occurred, and have altered the trajectory of economic theory and practice for decades to follow. It is certainly possible that the shift toward even greater interventionism will be slowed through the political process; but it is unlikely that it will be held off entirely. The degree of austerity that would be required of the American people in order to return to a previous level of government-free free-market ("*laissez faire*") economy would be highly unpopular, and hence unlikely to be pursued by many politicians or policy advisors.

The question this study seeks to address is whether there will be meaningful input from the evangelical community with regard to the changing conditions of the American economy. Simply put, will the Church have a voice? Will that voice be relevant, reasonable, and biblical? It is hard to imagine that God did not intend for His people to bear witness to His truth and righteousness within an area of life so pervasive as economics. This is not to say that there exists a specifically 'biblical' economic model, *per se*, but rather that the Bible must and does speak to

[43] The Atlantic Monthly Online, http://www.theatlantic.com (accessed November 3, 2010).

how God's people are to conduct themselves economically, both as individuals and as a community of faith. It is the working hypothesis of this study that the Church is capable of formulating sound economic thinking and unmistakably biblical economic practice, as evidence of her witness to the broader society in which she is placed. Economic practice comprises an important and daily venue within which believers must flesh out the dominical command to be Salt and Light in the world. D. A. Carson offers a challenging perspective on the practical implications of this responsibility, "The norms of the kingdom, worked out in the lives of the heirs of the kingdom, constitute the witness of the kingdom."[44] Developing those norms from the biblical data with respect to economic thought and practice, and incorporating them into the life of the community of faith, will prove to be a powerful witness to the grace of God among His people 'in the midst of the nations.'

[44] D. A. Carson, *The Sermon on the Mount* (Grand Rapids: Baker Books, 1998), 31.

Chapter 3: Biblical and Theological Analysis

As Man is a religious being, religion has from time immemorial been used as a handmaid to theories and practices touching all aspects of human life. From diet to child rearing to education to farming to political to, yes, economics, the Bible has furnished proof-texts in abundance to justify widely diverse and often contradictory positions. Does Scripture establish, or at least support, Capitalism? Is Socialism the true, Christian economic paradigm? Does Caesar's authority over the tax constituted biblical warrant for Communism? Or does the Bible really have anything at all to say about Economics? Max Stackhouse, in an excellent essay on the relationship of the Church to societal economic activity, begins in a somewhat ironic manner by essentially saying, 'No, it does not.' "It is no more possible to derive a contemporary normative economics directly from the pages of Scripture than it is to derive a biology from Genesis, a platform for democratic politics from Amos, a medical ethic from Luke, or a university curriculum from the letters of Paul. Some of the best contemporary efforts to relate biblical materials to issues of modern social ethics all recognize the necessity of a certain indirection of connection."[45]

"Indirection of connection" between biblical principles and human economics – that is not an encouraging place from which to start an analysis of biblical economic precepts. But Stackhouse indicts and convicts the effort utilizing a flawed metaphor. One does not attempt to establish *any* biblically-grounded paradigm of life by using a single book of the Bible, be it Biology form Genesis, or Medicine from Luke. The issue facing the Church in any and every

[45] Max L. Stackhouse, "What Then Shall We Do? On Using Scripture in Economic Ethics," *Interpretation* Volume 41 Number 4 (October 1987), 382.

age of her existence is not what academic curriculum to derive from the Pauline Epistles, but rather what may be learned with regard to this or that facet of life, from the whole counsel of Scripture. The conclusion of the Westminster divines echo down three centuries in answer to this ‘indirection of connection’ alleged by Stackhouse. “The whole counsel of God, concerning all things necessary for his own glory, man’s salvation, faith, *and life*, is either expressly set down in Scripture, or by good and necessary consequence may be deduced from Scripture.” (WCF I.VI italics added). These men recognized that certain deductions would arise not from the explicit words of Holy Writ, but rather from ‘good and necessary consequence.’ What they did not accept was an ‘indirection of connection’ between divine revelation on the one hand, and human apprehension and human application on the other.

Stackhouse’s view is understandable given the seemingly insurmountable cultural hurdle between the historical and economic milieu of the Ancient Near East and the technologically advanced, commodity driven economy of the Western world today. What hath Jerusalem to do with New York? What fellowship hath the threshing floor with the Stock Exchange? Unfortunately, and too often, the answer given by modern theologians and Christian ethicists is ‘None whatsoever.’ Theologians and ethicists in the Reformed tradition, however, cannot separate the fact of God’s sovereignty over the entirety of the created cosmos from the special revelation of His plan and purpose for that cosmos given in the Scriptures.

The Westminster divines claimed no more for Scripture than Scripture claims for itself. In such familiar passages as II Timothy 3:16 and II Peter 1:3 the inspired writers claim for Scripture a direct application not only to the *salvation* of man but also to his *life*. Paul’s *“…training in righteousness that the man of God may be equipped for every good work,”* (II Tim. 3:16) and Peter’s *“…everything we need for life and godliness”*(II Pet. 1:3) do not carry the sense of self-limitation or 'indirection of connection.' It would be a strange thing indeed if 'life and godliness' would be found to preclude the most universally common aspect of man's *life*: the economic aspect. Furthermore, there is an *a priori* expectation that the Scriptures would have something to say about how the community of faith is to interact with the economic world in which it lives This presupposition stems from the fact that all worldly economic systems contain elements and foster attitudes that are in opposition to biblical ethics. Roland Hoksbergen points out that these antagonistic features of the world's economic systems – be they classical or neoclassical capitalist, Marxist, or so-called Christian Socialist – do not lie at the periphery of their ideology but at the very core. "None of these traditions believe in God's call on our lives, in the responsibility with which God entrusted us to care for His creation and His children, in the human tendencies toward sin and disobedience, in the call to change our lives to better reflect the reality of Christ in us, in the image of God that we bear in our persons, and that God is in charge of what goes on in this world past, present, and future."[46]

This is not to say that any one world economic system can find direct, explicit establishment in the Bible. The issues of the accumulation and manipulation of wealth are rarely addressed directly in Scripture, and almost never *prescriptively*. What we find in Scripture may be broadly categorized as *descriptive* on the one hand – the description of the economic life of biblical characters such as Abraham, Job, Solomon, and Barnabas – and *conditional* on the other hand – the promises of economic prosperity incumbent upon covenant obedience, and of economic privation upon the contrary. Specific mention of how much a person ought to earn, how he or she ought to spend or save, or the now-famous aphorism, "What Would Jesus Drive," are not found in the pages of Scripture. Wealth is nowhere tied directly to righteousness, as

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[46] Roland Hoksbergen, "Is There a Christian Economics? Some Thoughts in Light of the Rise of Postmodernism," *Christian Scholar's Review* Volume 24, Number 2 (December 1994), 135.

effect to cause, nor is poverty clearly delineated as evidence of divine disfavor. There are within the biblical record righteous men who were rich (Job), and righteous men who were poor (Amos). The wealth of the patriarchs, and the promises of Mt. Gerazim, seem to place the Old Testament squarely in favor of a *positive* righteousness-to-riches paradigm, whereas Jesus' camel and the eye of a needle, as well as the God and Mammon dichotomy, seem to move the New Testament in an entirely different direction.

Therefore the purpose of this study in general, and this chapter in particular, will not be to attempt either a biblical justification of any specific economic system, or a biblical construction of a different or new economic theory. Few Christian scholars would deny either the existence or the application of biblical *principles* pertaining to economic practice. Yet principles need a paradigm in which to be properly employed, and this study will seek to develop that paradigm for the evangelical community of believers.

The progression of this overview of the biblical text will follow the usual path beginning in Genesis and moving through the Old Testament into the New. Without digressing into a treatise on the organic continuity of the Old and New Testaments, and of the people of God in both, we will nonetheless follow the Reformed principle of the sufficiency of *all* Scripture for faith and practice. Reformed theology, while recognizing differences and advancements, traditionally places great emphasis on the continuity of God's revelation and work through the ages, from one covenant to the next and culminating in the New Covenant in Jesus Christ. With regard to economic principles, this intrinsic continuity of revelation can be summarized into three poles of biblical orientation, corresponding to the progressive revelation of God in Scripture. The first pole is the *Creation Mandate* governing man both as created in his innocence and as fallen in sin. The second is that of the *Covenants* wherein God significantly and redemptively enters into relationship with man. Thirdly there is the aspect of *Community*, the sovereign act of God calling to Himself a people out of the world, ultimately from every tongue, tribe, and nation.

Old Testament Survey: *The Creation Mandate*

For those who still recognize the didactic and prescriptive value of the Old Testament, the opening chapters of Genesis are a veritable treasure trove of information and direction for 'life and godliness.' At its most basic level the first two chapters of the book provide us with the divine revelation as to 'the way things ought to be.' Here is the blueprint, God's plan for the creation and governance of the cosmos. Genesis 2:4 informs us that we are reading a 'history' of the earth, but it is not merely a natural history of the earth; it is a personal history of the world setting forth the nature of Man's relationship with the created order, Man's relationship with Man, and Man's relationship with his Creator. The relational and interpersonal character of the narrative leads us to expect ethical principles to govern and to illustrate the relationship between the Creator and His creation, and in this we are not disappointed.

We find in the historical account of God's placing man within and at the very center of His creational work, that man is an *economic* being. Man was not created to idleness, but to work. *"Then the LORD God took the man and put him in the garden of Eden to tend and keep it."* (Genesis 2:15). Theologians refer to man's responsibility to 'tend and keep' the garden as a Creation Ordinance, one of three such ordinances that were established by God for man prior to man's fall into sin. Along with the ordinances of marriage and the Sabbath, the directive to work in the garden tells us how God intended man to live apart from reference to sin. Calvin comments upon the passage, "Whence it follows that men were created to employ themselves in some work, and not to lie down in inactivity and idleness."

There is a remarkable connection between the ordinance given to man in his innocence, ‘to dress it and to keep it,’ and the statutes later handed down to the Levitical priesthood regarding their ministry in the tabernacle. The same two words employed in Genesis 2:15 are utilized later to indicate what sort of labor the priests would have to do in the tabernacle.[47] Thus we may conclude that Adam’s work in the Garden, like the priestly labor in the tabernacle, was an act of worship to God. A higher assessment of the role of work in a man’s life can hardly be imagined. It is probable that this elevated view of labor informed the Apostle Paul’s admonition to the servants and slaves of his day,

> Bondservants, obey in all things your masters according to the flesh, not with eyeservice, as men-pleasers, but in sincerity of heart, fearing God. And whatever you do, do it heartily, as to the Lord and not to men, knowing that from the Lord you will receive the reward of the inheritance; for you serve the Lord Christ.” (Colossians 3:22-24)

As important as the divine command to work is to the development of a biblical anthropology, in and of itself it does not necessarily have application to the development of a biblical *economics*. This pre-Fall ordinance simply establishes labor as being of the essence of proper human existence on the earth: man is meant to work. Certainly it is the right place to begin one’s study of biblical economics because it establishes the fundamental work-oriented nature of Man. Nor is this labor to be viewed as servitude, for the terminology employed clearly teaches that Man was to tend Creation as the co-regent of God Himself as an act of worship and as his own chief good. Yet if Adam’s sphere of responsibility had been limited to the Garden, one would be hard pressed to find in this ordinance a defense for the efficient and profitable employment of natural resources, the buying and selling of commodities, and the development of monetary transactions, savings, and debt (all common features of economic systems throughout the ages). Isolated to the sphere of the Garden, the ordinance of work might best be interpreted as

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[47] The two words used in Gen. 2:15 are also used together in Nu. 18:7, *“Therefore thou and thy sons with thee shall **keep** your priest's office for everything of the altar, and within the vail; and ye shall **serve**.”*

supporting the economic practice of small-plot subsistence farming. The scope of Adam's economic activity was, however, broadened by God to include the whole of the created earth in what has come to be known as the *Creation Mandate,*

> Then God blessed them, and God said to them, "Be fruitful and multiply; fill the earth and subdue it; have dominion over the fish of the sea, over the birds of the air, and over every living thing that moves on the earth." (Genesis 1:28)

The two ordinances of work and subjugation of the earth are of one piece, for as Jas one author puts the matter, it is by work that man fulfills the mandate. "Work is the means by which we are called to *exercise dominion* for the sake of God's honor and kingdom, 'subduing the earth' in our various areas of responsibility, whether it happens to be in the home, the office, a business, or a factory."[48]

The Creation Mandate, however, is just vague enough in particulars to be useful to a wide variety of economic systems. Christian economists who favor free-market capitalism see in the mandate the supreme authority of man over the natural resources of the earth and the consequent obligation placed upon man to employ those resources for the benefit of man. In opposition, Christian socialists and Liberation theologians will contend that the mandate was given to Adam as federal representative of the entirety of mankind, not as an individual entrepreneur or venture capitalist but rather as representing human government and its sovereignty over economy. Further, environmentalists will find in the mandate sufficient grounds to argue against the exploitation of the earth's natural resources and for their conservation. Yet in the midst of disagreement there is a broad consensus among religious writers that God did place man in an economical relationship of authority and stewardship vis-à-vis the earth. Douglas Vickers offers this balanced summary of the Creation Mandate, "…in accordance with the economic

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[48] John Jefferson Davis, *Your Wealth in God's World* (Phillipsburg, NJ: Presbyterian and Reformed Publishing Company, 1984), 115.

dimensions of the creation mandate there is imposed on man the obligation to conserve, and to develop to the glory of God, the endowments of created reality over which he has been established in a relation of stewardship."[49]

The centrality of Man to the economic life of the world and the centrality of work to the life of Man, were not abrogated by the Fall. However, as the history of Man unfolds in the early chapters of Genesis, there is a remarkable contrast between the description of the members of the lineage of Cain, in Chapter 4, and the corresponding lineage of Seth in Chapter 5. None of the members of the line of Cain are noted as to the years they dwelt upon the earth – the common descriptive feature of the line of Seth. Conversely, nothing is said about what the sons of Seth *did* while they were on the earth – the common descriptive feature of the sons of Cain. On the basis of this difference one might conclude that worldly pursuits were 'of Cain,' while the status of sojourner and alien upon the earth belonged to the lineage of Seth, the 'sons of God.'

Economic activity manifested by the pursuit of worldly occupations, is just that, *worldly*. But this does not mean that the pursuit of economic life is evil. It would be reading too much into the text to conclude that the sons of Seth sat around all day in devout meditation, doing nothing to address the economic demands of their families' lives. If they had done so they would have been violating both the creation ordinance of work and the Creation Mandate, hardly behavior we would expect from the lineage of which Seth, Enoch, and Noah were notable members. It is better to interpret the different perspectives given to the two lines stemming from Adam's loins, that the pursuit of trade, manufacture, and agriculture belong to man's *natural* condition on the earth; worshiping and walking with God belongs to his *redeemed* condition. The latter does not preclude or negate the former, but the former is all that is available to the unregenerate, natural man. Both lines together constitute the earliest genealogies of a common

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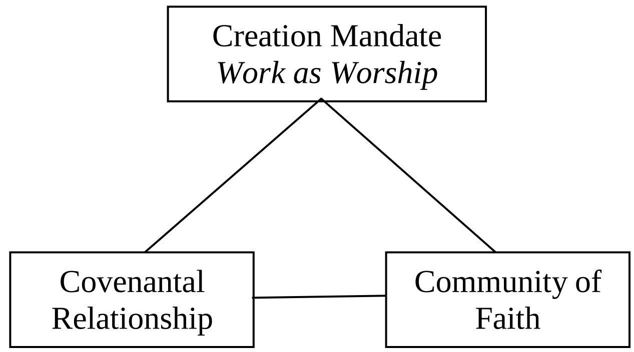
[49] Douglas Vickers, *Economics and Man* (Nutley, NJ: Craig Press, 1976), 345.

humanity to which "the earth with all its resources had been entrusted."[50] The difference between the two is not exclusive, but rather representative of the highest calling possible to Man depending on his spiritual and covenantal relationship to God.

To reiterate: the pre-Fall ordinance of work, combined with the Creation Mandate instructing Man to subdue the earth, form the Creation foundation for biblical instruction with regard to economic behavior in the world. Coming as they did before Man descended into sin, these principles describe the original design parameters for Man as God's vice-regent of Creation. It is a fundamental principle of Reformed anthropology that the original purposes of God reflected by these ordinances, while marred by the Fall, were never entirely eradicated. Man continues to live under the work ordinance and continues to hold a position of supreme authority and responsibility over the irrational and inanimate creation of God.



Old Testament Survey: *Covenant Participation*

Continuing our economic survey in the book of Genesis, we are certainly prevented from drawing a negative conclusion regarding the natural pursuit of economic livelihood by the examples of wealth displayed in the lives of the patriarchs. Abraham, his son Isaac, and grandson Jacob were all wealthy men who acquired their wealth through economic activity. The economic prosperity of these men, as well as others associated with them (Ishmael and Esau), illustrates the Covenantal principle of biblical economics. The narrative account of the

[50] Christopher J. H. Wright, *Old Testament Ethics for the People of God* (Downers Grove, IL: InterVarsity Press, 2004), 147.

patriarchal era highlights a predilection to prosperity for those who were chosen by God in and through Covenant.

For the most part we are not privy to the methods used by the patriarchs in the acquisition of property and the accumulation of wealth. One notable exception is that of Jacob in the matter of Laban's flocks. The narrative recorded in Genesis 30 indicates a knowledge of animal husbandry, essentially genetics, and a 'rational' use of resources so central to modern capitalistic economic practice. In other words, Jacob consciously improved the quality as well as the quantity of his flock. This practice would lead us to believe that the patriarchs did not receive their wealth merely 'dropped from heaven' as manna, but rather they employed their hands, their backs, and their minds to the task of labor. Nevertheless, the prosperity experienced by the patriarchs was always considered to be a blessing from God – as Jacob himself declares to his father-in-law, "Unless the God of my father, the God of Abraham and the Fear of Isaac, had been with me, surely now you would have sent me away empty-handed." (Genesis 31:42)

Participation in the covenant also influenced in indirect ways. Even though he was not himself a member of the Abrahamic Covenant, the pre-eminent man of the world, Esau, was also very prosperous. Esau flippantly sold his own birthright for a bowl of stew, and was cheated out of his father's blessing by his conniving brother, yet it is apparent that Esau was not left destitute in the world. When Jacob offered a great gift to pacify his brother, Esau responded simply, "I have enough, keep what you have for yourself," though he may have reasonably considered that what belonged to Jacob had been stolen from him. Esau, as with Ishmael before him, was blessed because of his indirect relationship to the covenant people in Abraham. This phenomenon has a remarkable parallel in the economic prosperity of nations in the modern world within which biblical Christianity has taken root and grown.

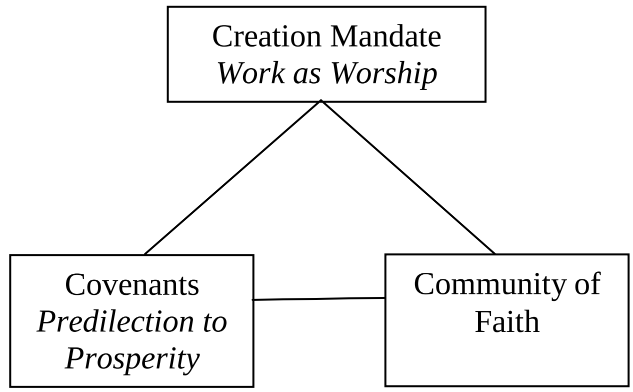
Though his lineage is unknown, Job is traditionally considered to be of the patriarchal era, and was certainly a man of great wealth and scope of activity. The example of Job, furthermore, serves subsequent generations as a divine caveat in the matter of wealth as an inevitable consequent of the covenant. It was Satan's contention that Job was rich only because he worshiped God (and that he worshiped God only because God had blessed him with wealth). Satan was perhaps the first prosperity gospel advocate, maintaining that there is a causal link between a man's relationship to God and his accumulation of wealth here on earth. The events of Job's life that were consequent to Satan's charge teach us that such a direct relationship does not exist. Job's attitude upon learning that all he possessed was lost stands as a timeless reminder to the transient and ultimately worthless nature of worldly wealth,

> Then Job arose, tore his robe, and shaved his head; and he fell to the ground and worshiped. And he said: "Naked I came from my mother's womb, and naked shall I return there. The LORD gave, and the LORD has taken away; blessed be the name of the LORD." (Job 1:20-21)

The examples of the patriarchs, to which could be added other wealthy men whose lives are recorded in Scripture, illustrate the problem that the student of biblical economics faces in distinguishing the *descriptive* from the *prescriptive* passages. It is apparent from the narrative accounts of each of these men that their material prosperity was linked to their relationship to God, though not as the effect from the cause. Even the prosperity of Ishmael and Esau can be attributed to each man's heritage in Abraham. Yet contrary to the use made of these examples by modern prosperity preachers, the patriarchs never betray the sense of divine obligation to blessing. The narratives do not support a direct connection between the faith and faithfulness of the patriarchs, and their material prosperity. In fact it is more the case that their material wealth was incidental to their relationship with God rather than consequential. The lives of these men were linked to God through faith and covenant; the subsequent economic prosperity set these men of faith in a position of influence with respect to the world around them. This is an important distinction, as will be developed later, in that it illustrates the cultural witness aspect of God's people in every age.

In the descriptive passages narrating the lives of the postdiluvian patriarchs, the economic condition of the men is somewhat incidental to the more important facet of their covenant relationship with God. This follows progressively from what we have seen regarding the biblical accounts of the antediluvian generations of Cain and Seth. In the former accounts the more mundane aspects of the sons of Seth are left unmentioned, whereas in the patriarchal era life in this world forms the backdrop against which the 'walk with God' is displayed. We can reasonably read backward from the type of economic lives we see recorded in Job, Abraham, and Jacob to the types of economic lives probably led by Seth, Enoch, and Noah. What is of primary importance in both cases is the covenantal relationship that prevailed between God and man. The former period is governed comprehensively by the Adamic-Noaic covenant structure, the latter by the Abrahamic. In the earlier covenantal period the relationship between man and God is still somewhat 'otherworldly,' as indicated by the account of Enoch, who *"walked with God and was no more, for God took him."* (Gen. 5:24). Noah also 'walked with God' and it is this individual, personal faith that pervades Job's life. The later Abrahamic covenantal structure begins to introduce the land as an inheritance to the people of God. This represents a progression in biblical revelation wherein the economic activities of man on earth will become more significant in the inspired text. In each era, however, primacy of place is given to the relationship between man and God vis-à-vis the covenant, with economic issues being either passed over by the narrative (Adamic) or incidental to the narrative (Abrahamic).

Thus we should not be surprised that the revelation of God's basic economic principles for man is not as clear before the Flood as after, nor as clear after the Flood as in the land of Canaan. There is, however, a very important principle regarding the covenant relationship and the economic life of the antediluvians and the patriarchs. This principle is the apparent predilection toward prosperity for the men who were either the direct beneficiaries of the covenants, or indirectly related thereto. This principle in its rudimentary, descriptive stages becomes more explicit in the next stage – the Mosaic – in which the economic aspect of covenant life goes from *ignored* (antediluvian) to *incidental* (patriarchal) to *integral* (Mosaic).



Old Testament Survey: *The Mosaic Community*

Parallel to the progressive revelation we find in the Old Testament regarding the economic aspect of the lives of men, we also find a developing biblical discussion, so to speak, regarding *the land*. From the granting of the Creation Mandate to Adam in the garden, to the destruction of the earth in the Flood, nothing is said about land, the possession thereof, or its significance to the covenants. From the Flood onward there is the negative aspect of the land surrounding the narrative of the Tower of Babel and the scattering of the nations. It is not until the call of Abram and the institution of the Abrahamic covenant that *land* becomes an integral component of the covenantal relationship between God and man. Yet even with the patriarchs the land was *promised*, but not *possessed.* With the promised possession of the land under Moses and Joshua we would expect to see further development in the biblical teaching on economic life, which is exactly what we find.

In fact the detail to which the economic life of the nation of Israel was to be governed by the laws and statutes handed down through Moses is so fine and so minute, that it is hard to understand those who view economics as an extra-biblical science to which the Bible has little or nothing to say. Christopher Wright holds a more reasonable view: "When we grasp the structures and objectives of Old Testament Israel's economic system, we are in touch with God's thinking as to how human economic life in general on the planet should be conducted."[51] With the introduction of God's people to the land we begin to experience the role of Community with regard to biblical instruction. The statutes and precepts of the Law, especially as they apply to the economic life of Israel, are heavily weighted toward the interaction of Israelite with Israelite in community. This new role as a gathered and peculiar people, a holy nation, a community of God's chosen from among the nations, also introduces the powerful element of *witness* to the revelation of divine purpose, as we read in Moses' summary review of the Law,

> Therefore be careful to observe them; for this is your wisdom and your understanding in the sight of the peoples who will hear all these statutes, and say, 'Surely this great nation is a wise and understanding people.' For what great nation is there that has God so near to it, as the LORD our God is to us, for whatever reason we may call upon Him? And what great nation is there that has such statutes and righteous judgments as are in all this law which I set before you this day?"
> (Deuteronomy 4:6-8)

It is one of the most significant facts of divine revelation that the covenant community of God's people lived *in the sight of* the nations surrounding them. Obedience yielded to the divine laws and statutes was not merely for the benefit of the people themselves, but also stood as a witness before the unbelieving world of the covenant relationship between God and His people. This living testimonial pertained to all of the divine statutes, a great number of which were economically oriented. The modern individualization and personalization of religious faith has all but excised this feature – the corporate witness of the people of God – from evangelical

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[51] Wright, 156.

Christianity. Even Stackhouse, with his ‘indirection of connection,’ believes that the Christian community must rediscover this biblical aspect of life in the realm of economics, “In the final analysis, the church has nothing to offer the world of economic life but words and example – words about how things ought to be, and how they are, examples of how to live together.”[52] The community of God’s people must realize that in addition to living life *coram Deo* – in the presence of God – they also are called to work out their faith in obedience *coram Mundo* – in the presence of the world.

It is beyond the scope of this study to attempt a detailed survey of every statute and precept set forth in the Mosaic Law concerning the economic life of the nation of Israel. The sheer number of such ordinances, and the subsequent prophetic chastisement for the nation’s failure to obey them, stands as strong evidence that there is such a thing as a ‘biblical economic system’ at least in principial form. For our purposes, however, two broad passages of the Law will serve to show how, under the Mosaic Covenant, economics became integrated into the lives of God’s people. These two passage are; first, the Blessings and Cursings recorded in Deuteronomy 28 and, second, the Holiness Code found in Leviticus 17 - 26.

The Prosperity Gospel of Canaan: Gerazim & Ebal

Moses instructed Joshua to assemble the tribes of Israel, once they had crossed over to the promised land, to stand upon the slopes of two mountains – Ebal and Gerazim. From these mountains the divided tribes would participate in what may be called a responsive reading. The Levites would pronounce cursings incumbent upon the people’s disobedience to God’s laws, to which the Israelites on Mt. Ebal would intone the solemn ‘Amen.’ Then the Levites would pronounce blessings upon covenant obedience, to which those standing on Mt. Gerazim would answer, ‘Amen.’ The tie between covenant faithfulness and economic prosperity was made

[52] Stackhouse, 397.

explicit. Again, however, we must note that the connection made was corporate and communal, rather than individual.

Entry into the Promised Land was the fulfillment of the promise given to Abraham some four hundred years earlier, and the answer to the hope to which four generations of Israelites in Egypt had held fast. The presentation of the land in prospect, before the people actually crossed the Jordan under the leadership of Joshua, bears striking similarities to the narrative account of the Garden of Eden. Christopher Wright points out the use of similar, and unusual, verbs in the Deuteronomy passages, establishing a parallel between Eden and Canaan. "Indeed, if only God's redeemed people would wholly obey him, it would be a land of such blessing as to be a veritable 'paradise restored.'"[53] The life dynamics of individual men from Seth to Abraham are now collected and integrated into a single ethnic group living within a prescribed territory of the earth: the nation of Israel in the land of Canaan.

Wright sees the land of Canaan as a 'prototype of that redeemed earth,' to which all of biblical prophecy points from the time of Adam's fall to the ultimate consummation under Christ. We may distill this thought into two basic characteristics of life for the children of Israel in the land of Canaan: first, a fertile and productive land sustaining a prosperous economy, and second, a close relationship with God described in Leviticus 26:12, "I will walk among you and be your God, and you shall be My people." Wright points out that the verb *walk* in this passage is the same form of the verb used to describe God's walking with the first couple in Eden, a fact that he believes contributes to the interpretation that the habitation of Israel in Canaan was intended to be a 'first step,' as it were, to the return of man to Paradise in the New Earth.

The significance of all of this to our study is perhaps not easily seen; it lies in the integral part played by the economic life of the people in the land, and the land's remarkable response to

[53] Wright, 185.

the people's efforts – *if* they would obey the commandments handed down through Moses. The terminology used in Leviticus 26 and Deuteronomy 28 – the abundances poured forth from the land – is nothing less than a partial reversal of the curse of Genesis 3:17. While we understand that the divine promise of prosperity was solely contingent upon an obedience that would not correspond to the people's actual behavior, it is still of great importance to understand the mind of God regarding the manner of life to be lived by His people 'in the presence of the nations.' First, there was to be obedience to the divine law which would be answered by divine blessing in a very economic sense. Second, there was the recognition that this relationship existed *only for God's people*, but existed *in the presence of all other peoples.*

The primary question of application to the modern scene revolves around the role of the nation of Israel as typological, as foreshadowing the New Covenant people of God, the Church. The use of Old Covenant community formulas by New Testament writers, specifically passages like II Corinthians 6:16 and I Peter 2:9-10, provide strong *a priori* evidence of a direct connection between the people of God under both covenants. In other words, the life of Israel in Canaan was typological of the life of the Church in the world, for the latter is as much the 'people of God' as was the former. These two principles of obedience and witness should, therefore, form a consistent strain of thought as we continue our investigation of biblical economics.

The Holiness Code: Compassion in Community

We have seen in an earlier chapter that there are many in the field of economics who, following the lead of theorists such as Adam Smith and John Stuart Mill, view economics as an amoral science – denying the reality of an economic *ethic.* This materialistic view of economics is impossible for anyone who believes in the normative and prescriptive role of Scripture, as throughout its pages are found descriptions and directions for how the people of God are to conduct themselves *economically* in this world. Nowhere is this phenomenon more in evidence than in the Holiness Code of Leviticus chapters 19 – 26. In that section of Scripture we find the expected statutes concerning such things as acceptable religious worship and prohibitions concerning violence against man and illicit sexual relations. What is remarkable, however, is the attention given in the Code to the economic activity of the people, and to their economic relationship to one another. Space constrains us from thoroughly evaluating every precept and prohibition that touches upon economics, but there are three interwoven principles that bear special note.

First, there is the unique status afforded the widow, the orphan and the alien in the land. It is not too much to say that such indigents became in ancient Israel, not wards of the state, but rather wards of the community. For instance, there are several laws of the harvest that pertain to the community's responsibility toward these indigents. One such statue is found in Leviticus 19,

> When you reap the harvest of your land, you shall not wholly reap the corners of your field, nor shall you gather the gleanings of your harvest. And you shall not glean your vineyard, nor shall you gather every grape of your vineyard; you shall leave them for the poor and the stranger: I am the LORD your God. (Leviticus 19:9-10)

In economic terms appropriate to the agrarian culture of ancient Israel, we may say that care for the indigent held precedence over gaining a higher yield in one's harvest. In modern terms and within the modern economic paradigm, this principle may be translated as 'care for the indigent has precedence over higher profits.' Though the application of this precept to modern economic practice requires more thorough consideration later in this study, there is a *prima facie* determination that the modern capitalistic tenets of maximization of productivity and efficiency are fundamentally at odds with the spirit expressed by Leviticus 19:9-10. In addition, the concept of private property, to be used according to the desire and design of the owner, so central to the defense of capitalistic economics, finds itself circumscribed by the needs of others: “There are those whose needs are more urgent than your rights of ownership and on whose behalf God commands very practical compassion.”[54] One notable commentary claims for this provision in the Mosaic Law the “earliest law for the benefit of the poor that we read of in the code of any people.”[55] Viewed from the perspective of Israel’s purpose as, pardon the intentional anachronism, ‘salt and light’ among the nations which surrounded her, the limitation upon private property by positive legislative compassion for the needy and alien forms an important part of the witness of the people of God.

A second unique principle found in the Holiness Code is the Law of Redemption – a legislative ‘safety net’ by which no member of the covenant community may be found forever dispossessed, regardless of his temporary economic hardship. It is hard for 21st Century evangelicals, far from their agrarian past, to fully understand the trauma suffered by a family in an agrarian culture over the loss of their land. Perhaps the closest modern Americans get to this catastrophe is the foreclosure of one’s house, though even that rarely is accompanied by the complete loss of income and social standing that went along with the loss of the land in ancient Israel. The loss of income is readily understandable, but it was also the case that the social standing of an individual and family was inextricably tied to their inheritance among the tribes of Israel. It is not too much to say that their land was their identity.

The Holiness Code recognizes the possibility that a man’s economic condition might depress to the state of having to sell his ancestral land to pay off debts, or to rent the use of the land to a more prosperous countryman. Yet unlike modern real estate law, such a transaction in

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[54] Wright, 167.

[55] Robert Jamieson, A. R. Fausset, and David Brown, *Genesis – Deuteronomy*, Volume 1 of A Commentary Critical, Experimental and Practical on the Old and New Testaments (Grand Rapids: Eerdmans, 1948), 488.

ancient Israel was not permanent; no family could (at least if the law were obeyed) ultimately lose its share among its tribe's original allotment of the Promised Land. Jehovah stipulated through Moses, "The land shall not be sold permanently, for the land is Mine; for you are strangers and sojourners with Me. And in all the land of your possession you shall grant redemption of the land." (Leviticus 25:23-24)

The safeguard established in the Mosaic Law against the complete loss of a family's inheritance culminates in one of the most unique phenomenon in all of human history, certainly in all of human *religious* history – the Year of Jubilee. Every fifty years there was to be complete and universal 'redemption' within the covenant community of Israel. One commentator has noted the similarities between the Mosaic Jubilee and a common tradition among ancient Near Eastern kings to proclaim such universal forgiveness of debt, return of land, and emancipation of slaves, generally at the time of the king's coronation. The unique feature of the Mosaic legislation, however, is that the regularity of it – every fifty years – placed it completely beyond the jurisdiction (or glory) of any Israelite king. It was an act of King Jehovah, who was sovereign over all Israel regardless of who sat upon the throne in Jerusalem. Sadly, it is apparent from the calculation formula for the years of exile in Babylon, that the lesser sabbatical years (the seventh year rest for the land) were not honored in Israel. (See II Chronicles 36:21) Thus there is little reason to suppose that the greater Year of Jubilee was ever observed.

Yet despite the lack of obedience on the part of Israel to observe either the sabbatical years or the Jubilee year, it is apparent from the promulgation of the legislation in passages such as Leviticus 25, that these times of rest and redemption were not to be viewed metaphorically. In other words, God *intended* that they be observed. This fact alone establishes some very important principles – theoretical if never experiential – within any economic dynamic that can remotely be considered 'biblical.'

First, there is the right of the land to rest. The concept of the land having 'rights' does not imply, as many modern environmentalists believe, that the land stands independent and co-equal to man with regard to economic development. Biblically speaking, the rights of the land primarily to rest have to do with the ultimate ownership of the land by God, and the role of the covenant community as stewards of the land.[56] The personification of the land, and the suffering to which it has been subjected on account of human sin, is not uncommon language in Scripture. Paul speaks of the whole of creation 'groaning' because of the futility to which it has been subjected (Romans 8:22). The sabbatical years especially teach us that 'the land had rights.'[57] This concept has tremendous implications in the modern world regarding such pressing economic issues as resource ownership and distribution, and upon the controversial issue of environmental care and ecology. As many modern American evangelicals are perceived to be 'anti-environmentalist,' the divine purpose behind the sabbatical years ought to give pause to thoughtful Christians as they consider the 'rights' of the land upon which man has been placed as a steward.

A second notable economic principle stemming from the sabbatical and Jubilee laws concerns the leveling effect of *redemption*. Given a normal lifespan of "three score and ten" years, most of the citizens of Israel would experience at least one opportunity to 'start over' economically: emancipated from bond servitude, returned to his ancestral land, forgiven of outstanding debt, he was given a fresh start in the Jubilee. This system of redemption is not to be

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[56] The use of 'land' in this context comprises more than merely the bare earth; it includes the natural resources, property boundaries, and the subordinate creatures in a comprehensive realm over which God has set Man as overseer and steward.

[57] George E. McLaughlin, Jr., "A Theological Study of Leviticus 25:1-15: With Application to Modern Land Ethics" (master's thesis, Grace Theological Seminary, 1986), 12.

confused with the later development of socialistic or communistic 'equality,' for at no time in Israel's history was equal ownership of property ever legislated. There was, however, a system set in place by the sabbatical and Jubilee years to prevent runaway accumulation of property in the hands of a few to the detriment of the many – an economic inequality that sadly developed within Israel probably because of her refusal to observe these years. "The Mosaic Law sought to forestall a tendency toward aggregation which, throughout history, has been a cause of political revolution."[58] Modern American evangelicals shy away from economic principles that smack of socialism or income leveling, but the underlying lessons taught by the sabbatical and Jubilee year legislation ought to give them cause to reconsider the importance of at least some means of narrowing the gap between the 'haves' and the 'have nots.' The security of one's possessions, the chance to 'start over,' the promise of maintaining one's place within the community – these were all to be prominent and visible features of the Old Covenant community of Israel. The challenge for modern evangelicalism is to determine if and how these can become equally prominent and visible features of the New Covenant community, the Church.

Finally, the third important economic principle to be derived from the Holiness Code is the ban on the charging of interest within the covenant community. Leviticus 25:35-37 forbids the lending of money to a countryman at interest: "If one of your brethren becomes poor, and falls into poverty among you, then you shall help him, like a stranger or a sojourner, that he may live with you. Take no usury or interest from him; but fear your God, that your brother may live with you. You shall not lend him your money for usury, nor lend him your food at a profit."

There has been a great deal of ink spilled concerning the interpretation and application of this passage, by both Jewish and Christian theologians and economists.[59] The issue seems to

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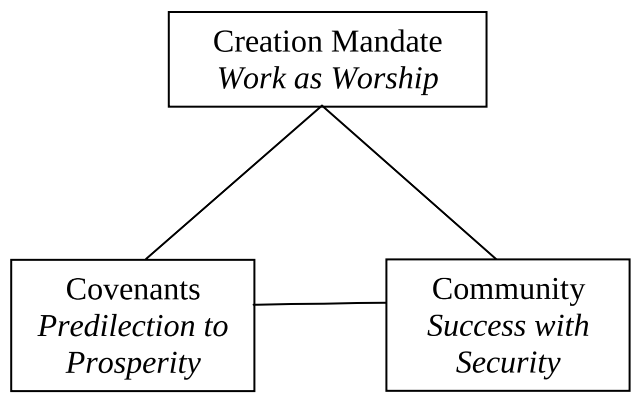
[58] Zondervan Pictorial Encyclopedia, "Jubilee," quoted in McLaughlin, 18.
[59] The topic of interest and usury will be dealt with in greater detail in Chapter 5.

hinge in these debates upon a subtle distinction often made between 'usury' and 'interest.' Indeed, the New American Standard version translates the phrase in verse 36 adjectivally: *Do not take usurious interest from him…* But even that excellent English version carries the marginal note: "interest and usury," thus indicating the grammatical difficulty that surrounds any attempt to distinguish between usury and interest. Verse 37 clarifies the matter, however, by addressing the net effect of that which is forbidden: you are not to profit by that which you lend a countryman or a sojourner in the time of his distress.

The Community aspect of God's redemptive history – the calling of a people for His own possession – is replete with economic principles that ought to be considered applicable to the people of God under the New Covenant as well as the Old. This conclusion flows from the principle of Witness, by which the grace of God is manifested to the surrounding world (or culture) through the obedient lives of the community of faith. Within that community, under the New Covenant as under the Old, there was to be not only prosperity but also security and protection. No one was forever dispossessed, and equity – though not equality – was to govern the economic affairs of the community.



This survey of biblical material from the Old Testament serves to illustrate both descriptively and prescriptively the three foci of Creation, Covenant, and Community. The prosperity that we read of concerning the men of the patriarchal period, as well as the promises of corporate blessing given on Mt. Gerazim, pertained to those who were in a covenant relationship with Jehovah. This is not to say that only poverty awaited those who were outside the covenant – it is apparent both from Scripture and from history that this was not the case. But there does appear to be a 'predilection to prosperity' associated with the covenants as we trace them in the Old Testament. In addition, as the biblical revelation progresses to more detailed economic principles, the community of God's covenant people takes center stage. The prohibition against the charging of interest, for instance, prevails within the community only – elsewhere interest charged to foreigners is explicitly allowed. The laws against reaping into the corners of one's land, or double gleaning in one's vineyard were all intended to inculcate a concern and a compassion for those within the community who were in need of daily bread. These precepts are an Old Testament echo of the apostle's admonition to *"Do good to all, especially to those who are of the household of faith."* (Gal. 6:10) It is as if the biblical narrative forms a progressive answer to Cain's question of God, 'Am I my brother's keeper,' the answer being a profound 'Yes!'

Old Testament Survey: *Prophetic Indictment*

If there was any doubt as to the significance of the economic aspect of Israel's life to God, even a cursory reading of the prophets should lay that forever to rest. Alongside the chronic practice of idolatry, justly condemned by Jehovah through His prophets, we also find an equally perpetual economic oppression of the poor by the rich and a continual disregard of and disobedience to the positive economic statues of the Mosaic Law. In short, Israel failed utterly to live up to its intended purpose as a witness to the nations, and this failure was as notable in the economic sphere of the nation's life as it was in the religious. Craig Blomberg writes, "The dominant thrust of the Prophets…is that God will judge the exploitive rich as part of his eschatological plan to create a perfectly just society and redeemed material world."[60]

The prophetic indictment of Israel continued through the United and Divided Monarchies through to the Post-Exilic Era at the close of the Old Testament history. At the very end, by the

[60] Blomberg, Craig; *Neither Poverty Nor Riches*, 82.

word of the Lord through the prophet Malachi, we read an effective summary conviction of the nation founded firmly upon the same economic principles we earlier discovered in Moses.

> Will a man rob God? Yet you have robbed Me! But you say, 'In what way have we robbed You?' In tithes and offerings. You are cursed with a curse, for you have robbed Me, even this whole nation. Bring all the tithes into the storehouse, that there may be food in My house, and try Me now in this," says the LORD of hosts, "If I will not open for you the windows of heaven and pour out for you such blessing that there will not be room enough to receive it. And I will rebuke the devourer for your sakes, so that he will not destroy the fruit of your ground, nor shall the vine fail to bear fruit for you in the field," says the LORD of hosts; And all nations will call you blessed, For you will be a delightful land," says the LORD of hosts. (Malachi 3:8-12)

This passage has been quoted at length due to the comprehensive summary it provides of the basic elements of the Old Testament view of economics. First, there is the priority of worship, which we saw in the antediluvian fathers from Seth to Noah, whose lives were characterized by *worship* though they undoubtedly also *worked*. Israel at the close of the Old Testament canon had consistently neglected this priority, and suffered for it. This is the second summary feature of the passage from Malachi, that economic prosperity for the people of God was tied to covenant faithfulness. *"You are cursed with a curse,"* recalls the cursings of Mt. Ebal from before the children of Israel ever entered the land. A third principle is also implied, that Jehovah is also God of Creation, and controls the *'windows of heaven'*. Finally there is the corporate witness that Israel was to be before the nations of the world, "And all the nations will call you blessed, for you shall be a delightful land."

Covenant obedience and community prosperity were to proclaim Israel a 'peculiar people, a people of Jehovah's possession.' The covenant obedience was to be their orientation to their God, and the community prosperity was to be their testimony to the world that there is no other God but Jehovah. This was the social, religious, and economic setting in which Israel was to develop. Though she failed, it does not follow that the same principles are no longer operative for the people of God in the New Testament era, the Church. To determine whether these principles abide or were abolished, we turn to a survey of the New Testament Scripture.

New Testament Survey: *The Teachings of Jesus*

There has been a powerful tendency within Western Evangelicalism, especially within fundamentalist Christianity in the United States, to divorce the teaching of the Old Testament from that of the New. An example of the impact this hermeneutical isolation has upon a biblical study of Economics is seen in a contemporary survey of biblical teaching entitled, *Rich in Every Way*. The book carries the remarkable subtitle, *"everything God says about money and possessions."* What is astounding about this subtitle is not merely its audacity, but the fact that the author begins his work in Acts chapter 2! Getz does backtrack in the second part of his book, to the teachings of Jesus recorded in the Gospels. By avoiding the instructions of the Old Testament, this book betrays the mindset of much of modern American evangelicalism that 'everything' God has to say about an issue means 'what we find in the New Testament.' Therefore, as we begin what must be a brief survey of the New Testament, it is important to understand that both the *descriptive* and the *prescriptive* teaching found there is seeped in the milieu of the very Old Testament Scriptures we have just passed through.

The organic continuity between divine revelation and covenant life from the Old Covenant into the New is made graphically manifest in the Parable of Lazarus and the Rich Man, in Father Abraham's answer to the plaintive cry of the dead Dives[61]: "They have Moses and the prophets; let them hear them." (Luke 16:29) With regard to how the rich should employ their wealth in the care of the poor and indigent, Jesus shows by this story the sufficiency of the Old Testament ("Moses and the prophets") for continued instruction.

[61] Tradition has accorded the rich man the name Dives from the Latin term for riches, *dives*.

An in-depth, passage-by-passage, investigation of the New Testament is beyond the scope and space of this study. Therefore two sections that are consistently at the heart of any economic analysis of the New Testament will be reviewed here. These are the economically-focused parables of Luke 16, and the economic practice of the early Church as recorded in Acts chapters 2 – 5.

God and Mammon: ***The Lord's Teaching in Luke 16***

Luke Chapter 16 opens with the Parable of the Unjust Steward, an intriguing story that has produced various interpretations and applications over the two thousand years since it was first told. The story line concerns the behavior of a steward who, when discovered in his unfaithful dealings on behalf of his master, commits one final act of malfeasance by secretly reducing the burden carried by a number of his master's debtors. The particulars of the parable are easy enough to understand; what is difficult is the interpretation and application made from the parable by the Lord Jesus. The centerpiece of interpretive controversy is found in the second half of verse 8, "For the sons of this world are more shrewd in their generation than the sons of light." Commentators are united in attributing this line to Jesus himself, but divided as to how the Lord's words are to be applied in the lives of His own disciples.

The difficulty stems from the two divergent comments included in the passage. The first, a commendation by the steward's master upon the latter's shrewd handling of a situation that would otherwise have guaranteed his impoverishment. This commendation, attributed by some to Jesus and not the steward's 'lord,' seems to provide a biblical imprimatur upon dishonest financial dealings. Some commentators have attempted to mitigate the criminality of the steward's behavior by theorizing that what he was doing was actually taking away the accrued interest payment portion of the 'bill,' thus bringing the whole transaction into propriety with respect to the Mosaic legislation. It is a sufficient critique of this view to say that nothing in the text even remotely leads to such a conclusion. Furthermore, the steward is referred to as 'unjust,' a description that should preclude any conclusion that what the steward was doing was in any way 'righteous.' It is also a very strained interpretation that has the Lord Jesus Christ condoning wickedness. It seems best to allow the parable to say what it appears to say – recounting the behavior of a shrewd, unfaithful, and self-serving steward whose actions so epitomize these vices that even the wronged master – who was probably just as shrewd and self-seeking – had to express grudging admiration.

But what can such behavior say, or teach, to those who are called to be salt and light in an unbelieving world? The second intriguing comment comes when Jesus draws a comparison between men like the unjust steward and those who are children of the kingdom: "For the sons of this world are more shrewd in their generation than the sons of light." (16:8) It is commonly viewed that this enigmatic comment is intended to show that they should have more concern for their eternal dwelling than this unjust steward had for his earthly dwelling. The steward committed fraud so that his benefactors would 'receive him into their homes' after he was dismissed from the employ of his master. Believers are to be concerned with securing a welcome entrance into 'eternal homes' (v. 9). The connection with biblical economics, however, is that the foundation of the parable and its application is the right use of *unrighteous mammon*. Far from prohibiting the use of money, or even the acquisition of wealth, Jesus' application of the parable *assumes* an economic dynamic within the believer's life – and admonishes that this aspect of life be developed properly and with an eye on eternity. As the Lord admonishes in verse 9, "And I say to you, make friends for yourselves by unrighteous mammon, that when you fail, they may receive you into an everlasting home."

The Parable of the Unjust Steward is, perhaps, the most difficult of all the Lord's parables. But it seems reasonable in light of the context, to view this parable as divine instruction as to the proper use of worldly wealth. "Christ intends economic activity to be a school of character for the Christian."[62] The disciple's attitude toward unrighteous mammon "must be so free from the low, selfish and covetous motives that dominated the unjust steward of the parable that they will use the worldly goods entrusted to them by the Father in a manner that will bring blessing to others and be conducive to their own eternal welfare."[63] This principle is reinforced through the telling of another parable, also recorded in Luke 16, the Parable of Lazarus and the Rich Man.

The Lord begins the parable in the same manner as He had the parable of the Unjust Steward, *"there was a certain rich man…"* The fact that Jesus mentions one character in this parable by name – Lazarus – is unique among all the parables recorded in the Gospels. This may indicate that the story of the rich man and the poor beggar was not, after all, a parable but rather the Lord's divine knowledge of an actual event, the 'histories' of two real people. Be that as it may, the story of Dives and Lazarus has often been misinterpreted as a dominical condemnation of wealth, and as proclaiming an inherent sanctity upon poverty. But such a conclusion is both a misrepresentation of Dives' sin and a misapplication of the entire story. The rich man's fault was not that he was rich but that the use of his wealth provided no succor for his countryman. The parable itself illustrates this fact in that Lazarus, when he died, was carried to the bosom of Abraham, himself a very wealthy man in life. Rather than a condemnation of wealth or a paean of poverty, this powerful story provides the reader with several very important principles that undergird the development of a truly biblical economic theory and practice.

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[62] Davis, John Jefferson; ***Your Wealth in God's World : Does the Bible Support the Free Market?*** , 19.
[63] Norval Geldenhuys, *Commentary on the Gospel of Luke* (Grand Rapids: Eerdmans Publishing Co., 1972), 416.

First, there is once again the implied answer to Cain's ancient question, 'Am I my brother's keeper?' Dives *was* Lazarus' keeper and, as we shall see, he should have known that. Flowing from this principle and from the story itself is the providential phenomenon regarding wealth and need – where the Lord provides wealth, He also provides appropriate outlets for its proper use. That outlet for Dives was Lazarus. One is reminded of the interchange between Ebenezer Scrooge and his former business partner, Jacob Marley, when Scrooge compliments Marley on his business acumen in life. Dickens has Marley respond powerfully, "Business! Mankind was my business. The common welfare was my business: charity, mercy, forbearance, and benevolence, were, all, my business. The dealings of my trade were but a drop of water in the comprehensive ocean of my business!" Dives may have been an astute and successful businessman in life, but with Jacob Marley he utterly missed the divine purpose for that prosperity.

A second principle derived from the story is the fact that economic praxis impinges upon eternal judgment. It is too much to say that Dives was condemned for being rich, or that Lazarus was received into eternal bliss simply because he had been poor. Nonetheless, both Lazarus' poverty and Dives' wealth factor heavily into their respective eternal reward (or punishment). There is no other indictment brought against Dives in the narrative except that he was "clothed in purple and fine linen and fared sumptuously every day." (Luke 16:19) This fact alone should disabuse anyone from thinking that economics are amoral and have no impact upon one's eternal destiny. Finally, there is the tacit confirmation that the Bible *does* present its adherents with an economic guideline sufficient to direct a godly walk in this life. Dives is told that 'Moses and the prophets' are sufficient to warn his brothers, a statement that implies that Moses and the prophets *were* sufficient to have warned Dives, if only he had heeded them. Since the only indictment standing against Dives in the narrative relates to his possession and use of this world's wealth, it must be true that the teachings of 'Moses and the prophets' should have been sufficient to instruct him in the proper way. Apparently Dives' brothers, perhaps equally wealthy, face the same danger. This is not meant to elevate economic ethics to the role of salvific works; that would be reading far too much into the narrative. Yet it is apparent that the lack of saving grace in Dives manifested itself by way of a heartless lack of concern for the needs of Lazarus, needs that he could easily have met. It is no diminution of the doctrine of justification by faith to say that those who have received God's gracious salvation should manifest an entirely different attitude with regard to wealth and the use thereof than did Dives.

Having All Things In Common: *The Economic Life of the Early Church*

Many essays and not a few books have been devoted to the economic behavior of the disciples in the months and years after Pentecost, as to whether their actions constituted Socialism, or even a form of Christian Communism. W. A. Criswell, in his commentary on the Book of Acts, considers the economic environment of the early Church to have been a failed attempt at Christian Socialism, instructive to the modern church only in the negative. Many others have noted the voluntary nature of the 'socialism' found within the earliest gathering of disciples. Suffice it to say that any economic analysis of Acts Chapters 2-5 will be very unlikely to meet with even broad agreement, and may well land the reviewer in a bath of extremely hot water.

Here we attempt the briefest of summaries regarding the behavior of the early church in regard to their economic life, noting primarily *what they did* without rendering too strict a judgment as to whether their behavior was normative for the Church throughout the ages. We are told by Luke, for instance, that "they held all things in common" (2:44) and met one another's needs by selling surplus possessions and dividing the return among the needy (2:45). However, the account of Ananias and Saphira is sufficient to instruct us that the early church adhered to the principle of private ownership and of an owner's right of disposal and distribution (*cp.* 5:4), reinforcing the biblical principle of voluntary charity. The narrative itself shows that the actions of the early church did not represent a new economic practice of enforced socialism. Peter's rebuke of Ananias refers to the latter's property as being his own and under his own control. Having sold the land, Ananias was under no obligation to give either a part or the whole to the apostles. It was for the wickedness of his heart that Ananias was condemned: "why has Satan filled your heart to lie to the Holy Spirit?" is the judgment, not 'why did you not give all the proceeds to the Church?'

The attitude of voluntary compassion is succinctly described in Acts 4:32, "…neither did anyone say that any of the things he possessed was his own." This statement has a *prima facie* determination in favor of a socialistic, even communistic, Christian economy; one in which property ownership was considered to be *communal*. But the text does not say that each believer considered his own property to be the property *of the church*; rather that no member of the congregation viewed his property to *be his own*; that is, under his own independent control. Viewed under the Old Testament rubric of Creation – Covenant - Community, this statement implies that each person viewed that which was in his possession as held in trust only, ultimately owned *by God*, and purposed for the nurture and growth of the whole Church. In other words, God the Creator of all things, has become in Jesus Christ the Covenant Head of the Church, which exists by His grace as a Community of redeemed people unto God.

Underlying all of this behavior – a point that is too often overlooked by modern commentators on the early church – is the dominical injunction to be 'salt and light' in the world.

It is apparent from the language of the New Testament that the Church is as much the 'people of God' under the New Covenant as Israel was under the Old. As such, the corporate existence of the Church is to be lived 'in the presence' of the nations, just as was Israel's existence in Canaan. This fact is confirmed by Jesus' own description of His disciples in the world, "You are the salt of the earth…you are the light of the world." (Matthew 5:13-14) Far from incorporating into its existence a prevailing economic system – be it socialistic communism or free-market capitalism – the Church was to be a beacon of divine truth in the midst of a dark and dying world. The aspect of *witness* remains operative for the people of God no less for the Church as for Israel. "The countercultural lifestyles commanded in the beatitudes must be lived out in full view of the world so that others might glorify God."[64] George Eldon Ladd comments that the early Christian community was united by a mutual sense of messianic blessing and anticipation. This soteriological and eschatological viewpoint was naturally translated into economic practice, as Ladd writes, "The sense of sharing in the blessings of the messianic age led to an actual sharing of possessions."[65] One may conclude from this comment that the attitude of shared economic life that characterized the early church ceases to apply to the Church of subsequent ages – including our own – only if the blessings of the messianic age have also ceased. Perhaps these blessings are not as fresh as they were in the days of the apostles, but if that is so, it is more the fault of a moribund Church than of an altered divine plan.

The Old and New Testament both place individual and corporate economic behavior at the very center of the godliness of the people of God. The Creation ordinance of work and the mandate to 'subdue' the earth stands as a timeless identification of Created Man with Economic Man. The history of the covenants offers a reasonable 'predilection to prosperity' for the

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[64] Blomberg, 129.
[65] George Eldon Ladd, *A Theology of the New Testament* (Grand Rapids: William B. Eerdmans Publishing Co., 1974), 351.

covenant people of God, while the legal statutes on economic behavior and the promises of economic success hold us safely within the context of the Community. Nowhere do we find a specific economic system – Capitalism, Socialism, Feudalism, etc. - outlined and prescribed as being 'God's Plan.' Yet principles of economic behavior abound, especially within the relational dynamic of the communal people of God. What is lacking is any explicit biblical word with regard to 21^{st} Century western Capitalism and the role of evangelical Christianity in relationship to it. What is needed is a biblical paradigm in which to place the many economic principles into their proper relationship. But when the Scripture lacks specificity, it admonishes wisdom (James 1:5), and it is therefore to the one section of the Old Testament thus far passed over – the Wisdom Literature – that we turn in the next chapter.

Chapter 4: Wisdom Literature

The wide extremes with which the Christian community has positioned itself with regard to worldly possessions and wealth vividly illustrate the need for 'wisdom' in any attempt at developing a biblical economic theory and practice. On the one hand there is the historic 'vow of poverty,' peculiar to the monastic movements of the middle ages, but not entirely absent from the modern church. There are still many professing believers who have been taught, explicitly and implicitly, that the pursuit of economic success is somehow defiling to a truly spiritual and spirit-minded Christian. On the other hand, and far more prevalent within the professing community in 21st century America, is the 'prosperity gospel' in its various forms. Most Reformed evangelicals would quickly reject the more egregious forms of this 'faith equals wealth' represented by many high-visibility television preachers. Yet it is commonplace for a believer to view a pay raise or promotion, or the purchase of a larger house or newer car, to be a blessing from God, whereas a layoff, investment failure, or foreclosure is rarely considered in the same light. This is not to say that financial advancements never constitute divine blessings, but merely to highlight the increasing association between the two in the minds of American evangelicals. The unprecedented prosperity of American society over the past fifty years has infiltrated the church, and has inculcated an *a priori* connection between wealth and divine favor. Without the wider distribution of prosperity among social strata, the 'Prosperity Gospel' would never have taken hold as it has in our day. The underlying belief of most Americans is that wealth is attainable by anyone. Translated into the Christian religious sphere, such prosperity becomes the 'reward' for exercised faith. It may be that the 'Prosperity Gospel' is simply the over-stimulated version of what most American evangelicals subconsciously believe to be true: that God blesses His people with material prosperity when they are faithful to Him.

We have seen from our brief survey of the biblical record that this ‘prosperity’ view is not without some justification, especially as it pertained to the life of Israel under the Old Covenant. Raymond van Leeuwen offers an interesting moral vs. material grid reflecting what the Bible has to say about the life conditions of wealth and poverty (material), righteousness and wickedness (moral). There are four combinations of character and consequence both possible and actual among the covenant nation with regard to wealth and poverty.[66]

	Righteous	Wicked
Wealthy	**1**	3
Poor	2	**4**

According to van Leeuwen’s analysis of the Book of Proverbs, which he views as an accurate portrayal of Israelite society, Quadrants 1 and 4 represent the way things ought to be and sometimes are, while Quadrants 2 and 3 represent the way things often are in a fallen world. This grid still represents the world as it is today, and reflects the social context within which believers must wrestle with issues of character and economic consequence.

Furthermore, the Church, no less than Israel, remains in the world as a *witness*, as ‘Salt and Light.’ And the Church, no less than Israel, manifests its true witness most vividly in the mundane act of living economically in the world in a manner that should exhibit an entirely different *modus operandi*. The manner in which the community of faith is to live economically ‘in the presence of the nations’ is not revealed in Scripture with sufficient clarity that all

[66] Raymond Van Leeuwen, “Wealth and Poverty: System and Contradiction in Proverbs,” *Hebrew Studies Journal* Vol. 33 (January 1992), 27.

believers acknowledge and follow. The recent history of biblical economic thought has been primarily an attempt to enlist the Bible in defense of either free-market capitalism or socialistic communism. Each camp recognizes certain biblical principles – the right of private possession, for instance, or the duty of community care – and builds a 'biblical' economic theory around them, often ignoring or minimizing equally biblical principles that seem to contradict the theoretical line taken.[67] In any case the result tends to be a molding of biblical texts to fit the pattern and shape of either a prevailing economic model, or of a desired one, without the necessary critical analysis of the weaknesses and often anti-biblical characteristics of the model itself.

But the Bible does not inculcate any particular economic system, nor does it clearly construct a system prescriptively under which the community of faith must live and breathe and have its economic being. The lack of an explicit and universally agreed upon biblical economic system, coupled with the evident obligation for the people of God to live by a unique and counter-cultural economic paradigm before the unbelieving world, presents a conundrum that has yet to be unraveled. It is unlikely that I will do so in this study to the satisfaction of all. Yet it is incumbent upon the Church in each generation to address both the biblical teaching on economic theory and practice, and her obligation to be salt and light to the world.

In this situation it seems appropriate to do as James admonished men to do when they lack wisdom, to *ask of God*. Fortunately He has already answered, at least in one sense, by providing within Scripture an entire genre of literature known as 'Wisdom,' to which we turn our attention and analysis in this chapter. John Goldingay calls the Wisdom Literature of the Bible

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[67] A well known example of the socialist viewpoint is that of Ronald J. Sider, *Rich Christians in an Age of Hunger: A Biblical Study* (Downers Grove: InterVarsity Press, 1980). From the opposite perspective, Victor Claar and Robin Klay, *Economics in Christian Perspective: Theory, Policy and Life Choices* (Downers Grove: InterVarsity Press, 2007) is rhapsodic in its praise of Capitalism.

'experienced revelation,' in that it displays the intimate application of divine principles for living, in the very act of living life in this world. For this reason, therefore, it is to be anticipated that the Wisdom Literature of Scripture will have something unique and practical to say regarding the believer's economic experience. In order to extract this wisdom in as sound an exegetical manner as possible, we will first outline the hermeneutical issues surrounding the interpretation of the Wisdom writings, following with a brief survey of those passages in the Wisdom Literature that pertain most particularly to economic life, with the ultimate goal of giving a more detailed analysis to two particular passages – Proverbs 11 and Ecclesiastes 11 – that seem to provide a framework upon which to build a solid, biblical economic paradigm.

It is widely recognized among biblical commentators, theologians, and preachers that the Bible offers *principles* that may be applied to a believer's economic life. But disconnected principles lead to a smorgasbord approach to application: believers pick and choose those principles they want to follow, and apply them to their own practices in a very subjective (and often self-justified) way. What is needed in order to systematize the biblical material with regard to economic practice is an overarching paradigm consistent across the whole range of biblical revelation. An excellent analogy may be found in the world of modern Chemistry. Around the turn of the 20th Century great strides were being made in the area of Atomic Theory, with new discoveries concerning the behavior of atoms leading to new principles: the Heisenberg Uncertainty Principle, the Aufbau Principle, Schroedinger's Principle, and others. These individual statements of scientific discovery each pertained to an aspect of atomic behavior, but none encompassed the whole. What was needed was a new paradigm, a new 'model' of the atom. This was finally provided through the ground-breaking work of Niels Bohr – the Bohr Atom replacing the previous atomic models and uniting the various principles under what is now called Quantum Theory. In a similar manner, what we seek in this study is that unifying paradigm that pulls together the numerous biblical principles that each describe merely an aspect of a believer's economic being.

The paradigm thus far developed in this study incorporates the threefold foci of Creation, Covenant, and Community with a concentrated focus on the Witness mandate inculcated upon the people of God under both the Old and the New Covenants. It is believed that the distillation of biblical principles under this threefold paradigm will produce an economic model of thought and practice that can be readily incorporated by the believing community within the modern cultural context of market Capitalism. Biblical Wisdom Literature will understandably form a central part of this effort.

Hermeneutics of Wisdom Literature:

Wisdom literature is a genre of ancient writing that has a cultural heritage far beyond the history of Israel. This style of writing was part and parcel of the cultures of ancient Egypt, Sumeria, Babylon, and Assyria. The similarities between biblical Wisdom Literature and that of the surrounding cultures have been amply noted by scholars, with many liberal academics claiming that the biblical material draws from and even copies the wisdom writings of Israel's neighbors. The commonality of writing style and of content does not, however, necessitate the conclusion that one culture plagiarized another. Rather what we see in Wisdom Literature is a form of practical, down-to-earth writing that would be expected to arise from pastoral, family and tribe centered societies such as those that inhabited the Ancient Near East. The genre fits a culture where civil structure was often furnished by the elders sitting in the village gate. Wisdom Literature encompasses the cumulative wisdom of those who by the passing of years have learned what 'works' and what does not. Hence it is, by its general nature, practical and therefore it is to be expected that this genre of ancient writings would have much to say about so practical a facet of life as the economic.

Despite the similarities, biblical Wisdom Literature differs from that of Israel's neighbors in that the foundation of wisdom as found in the Scriptures is *the fear of the Jehovah* Israel's Covenant God. The nature of biblical religion as mediated through a personal, covenantal relationship with one almighty God who is both Creator and Redeemer, sets much of the Wisdom Literature of the Bible off from its contemporaries. Furthermore, biblical Wisdom Literature is not merely about man living life *well* in the sight of men, it also deals with man living life *righteously* in the sight of God. Biblical wisdom either brings the attitudes and actions of men into alignment with the holiness of God (the wise man), or highlights the degree to which the man's life is out of alignment (the fool).

Yet the religious orientation of biblical wisdom is not conspicuous and does not fit itself neatly into any of the particular covenant structures that organize the Old Testament data. Job, for instance, was a non-Hebrew who lived a righteous life in the sight of God. His friends, though mostly mistaken in their assessment of the causes and cures of Job's calamities, were themselves worshipers of the one true God. Furthermore, at least two contributors to the Proverbs corpus were also apparently not of the nation of Israel: Agur and Lemuel. Wisdom Literature, therefore, remains uniquely powerful as practical guidance for all eras because it is 'trans-covenantal.' By this is meant that the wisdom discovered in this genre of biblical writings spans the covenants, furnishing the hallmarks of a well-ordered society handed down by the elders from generation to generation. In practical terms, wisdom writings are timeless because they work: *He that tills his land will be satisfied with bread* (Prov. 12:11) represents the normal providential ordering of the world, and it a principle that 'works' in any culture and at any time.

Wisdom Literature, as an ancient form of writing, represents a very practical, life-in-this-world orientation that makes it eminently applicable to the study of something as mundane as economics.

If Wisdom Literature represents "the rules for right conduct transmitted within the clan"[68] then the first pass interpretation should seek to develop the practical, experiential meaning of the passage. Waltke refers to biblical wisdom as 'spiritual-ethical' to note the twofold thrust of much of this genre of Scripture.[69] The order of this hyphenated description of biblical wisdom, with the spiritual placed before the ethical, betrays a tendency within Christian Wisdom exegesis to emphasize a 'spiritual' or moral interpretation of such passages either as preferential to the ethical or, at times, in place of the ethical. This methodology places too much weight on what the interpreter believes to be the spiritual or moral meaning of the passage, bypassing sometimes entirely the practical, ethical import.

Let me illustrate the ethical/spiritual angles in the application of Wisdom writings. It is possible, by following the bare ethical principles of wisdom writings (from Confucius and Marcus Aurelius, say, as well as from Solomon) for a person to live *well* in the sight of man - to be successful in terms of material prosperity and social reputation – without necessarily living *righteously*. This category of man, a Quadrant 3 man according to van Leeuwen's grid, is wise according to the creational principles of the world, lacking that wisdom *"that is from above"* and that is founded on the fear of the Lord. This follows from the concept of wisdom as the application of right means to the attainment of right ends. The right means can be applied to the wrong ends and still achieve what the world would call 'success.' But the right ends, or end, of

[68] D. A. Hubbard, "The Wisdom Movement and Israel's Covenant Faith," *Tyndale Bulletin* 17 (1966): 8.
[69] Bruce K. Waltke, *Proverbs Chapters 1 – 15*: *New International Commentary on the Old Testament* (Grand Rapids: William B. Eerdmans Publishing Company, 2004), 78.

man’s labor is the glory of God his Creator. The recognition of this fact is what sets biblical Wisdom Literature apart from that of the ancient world around Israel.

But may we not also surmise that a man may live *righteously* without also living *well*? It is undoubtedly true that many ‘Quadrant 2’ people (righteous but poor) are so because of God’s inscrutable providence for their lives and due to no fault of their own. But the many biblical examples of righteous men who were also prosperous teach us that the ideal of living both well and righteously is an attainable goal. Yet for many Christians it is not a goal at all. We may conclude both from the biblical historical examples and the ethical nature of Wisdom writings, that it is God’s intention that His people live both *well* in the sight of man and *righteously* in His sight. It is the contention of this analysis of Wisdom Literature that this particular genre of Scripture is geared primarily, though by no means exclusively, to the first end. Hence the proper exegesis of wisdom writings in Scripture will be to discern and to apply the ethical and practical, import of the passage first and foremost, and perhaps only.

In our earlier survey of the biblical material concerning economics, we saw the triple loci of Creation, Covenant, and Community as providing a paradigm for weaving together the various strands of preceptive and illustrative passages concerning economic principles. In this chapter we will investigate Wisdom Literature with its predominantly *Creational* orientation, with a purpose to eventually apply the wisdom gained to the economic life of the covenant community. Anthony Thiselton writes of the tendency of modern evangelicals to treat wisdom writings too lightly, as quaint vignettes of commonplace knowledge – as refrigerator magnet verses and material for wall-hangings rather than as divinely inspired guidelines for life. With regard to two biblical examples of this genre, Job and Ecclesiastes, Thiselton comments, “their primary function is to invite or to provoke the reader to wrestle actively with the issues, in ways that may involve adopting a series of comparative angles of vision."[70]

Perhaps the greatest challenge for 21st century American evangelicals is to somehow adopt the 'angle of vision' of an ancient agricultural society - the world in which the Wisdom Literature was written - without losing sight of the modern technologically-advanced economy into which biblical wisdom writings must be applied. The tremendous difference between the ancient and the modern economic climate makes the transference of biblical wisdom into modern application all the more difficult, so much so that many believers simply do not even attempt the venture. Thiselton addresses the challenge that all students of biblical Wisdom Literature face in every age, "Every reader brings a horizon of expectation to the text. This is a mind-set, a system of references, which characterizes the reader's finite viewpoint amidst his or her situatedness [*sic*] in time and history."[71] The 'horizon of expectation' for 21st century American evangelicals contains more sky-scrapers than wheat fields, with financial institutions, stock markets, and corporate headquarters far more numerous than threshing floors, vineyards, and fig trees. Yet the abiding biblical principle of 'witness to the nations,' of 'salt and light,' gives us reason to expect that the economic principles inculcated in the agrarian culture of ancient Israel will still have application to the market-driven economy of modern America.[72] With this admonition we turn now to a survey of biblical Wisdom literature.

The Book of Job:

The Book of Job provides a living example of the heart attitude that man should possess concerning the economic aspect of life. Job was a man of great wealth, and it was apparently

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[70] Anthony Thiselton, *The New Horizons in Hermeneutics* (Grand Rapids: Zondervan Publishing House, 1992), 66.
[71] *Ibid.*, 34.
[72] Craig L. Blomberg, *Neither Poverty nor Riches: A Biblical Theology of Material Possessions* (Grand Rapids: William B. Eerdmans, 1999), 49.

wealth derived from a life of labor and acquisition. Yet it is from the lips of this wealthy man that we find the overarching principle by which all economic theory and practice must be truly guided if it is to be worthy of the name 'biblical.' Having endured in successive blows the loss of his entire fortune and family, Job keeps the whole matter in perspective as an example to all subsequent generations, "Then Job arose and tore his robe and shaved his head, and he fell to the ground and worshiped. And he said, 'Naked I came from my mother's womb, and naked I shall return there. The Lord gave and the Lord has taken away. Blessed be the name of the Lord'" (Job 1:20-21, NASV).

Thus Satan's accusation against Job's piety is refuted. Later, in response to ridicule from his wife, Job reiterates his worship of acceptance at the revelation of divine providence, *"Shall we indeed accept good from God and not accept adversity?"* (Job 2:10). Throughout the ensuing chapters it is Job's isolation from God that most troubles the man, not the loss of his material possessions or even his offspring. As the dueling monologues subsequently unfold between Job and his friends, the reader is treated to a classic debate regarding the cause-and-effect relationship between piety and prosperity. Tremper Longman calls the viewpoint of Job's friends, 'retributive theology.'[73] But Job will not sacrifice his integrity to the simplistic formula put forward by his friends, a formula that is advocated at the beginning of the book by Satan, and which has had its proponents in every age since. In the end such a causal relationship between moral behavior and material prosperity is neither affirmed nor denied: Job is restored to health, family, and prosperity. The retributive theology of Job's companions is utterly refuted when God turns His anger upon them for their simplistic and erroneous explanations (Job 42:7). Job's fortune, misfortune, and restored fortune are all incidental to that which is of primary importance – Job's integrity as a God-fearing man.

[73] Tremper Longman, *How to Read Proverbs* (Downers Grove: InterVarsity Press, 2002), 81.

Although the Book of Job stands outside the covenantal stream of redemptive history, its perspective regarding economics and wealth is not appreciably different from the viewpoint found in the Pentateuch or in the Prophets. "The model that we saw with the patriarchs repeats itself. God's people may at times be enormously wealthy, but a major purpose of God's granting them that wealth is that they may share it with those in need."[74] Worldly possessions serve those who are given them as tools with which to honor God through the active economic compassion they show toward those who do not have the same wealth. Neither condition, however, offers a definitive commentary on the moral rectitude of the person's life.

The Book of Ecclesiastes:

The Book of Job presents wisdom within the context of catastrophic loss and suffering. The Book of Ecclesiastes gives us life in its more commonplace variety: without the sudden, tragic reversals of Job, but full of chronic misfortunes, setbacks, frustrations and, ultimately, death. One might even say that the 'wisdom' of Ecclesiastes may almost be called 'anti-wisdom,' as the philosopher Qohelet views traditional wisdom with ambivalence and muses upon the ultimate futility of being wise,

> *The wise man's eyes are in his head, but the fool walks in darkness. Yet I myself perceived that the same event happens to them all. So I said in my heart, 'As it happens to the fool, it also happens to me, and why was I then more wise?' Then I said in my heart, 'This also is vanity.'*
> (Ecclesiastes 2:14-15).

Yet, as the author realizes, wisdom does excel folly, at least in this life, and he sets himself to the task of applying his own superlative wisdom (Eccl. 1:16) to various aspects of life. Qohelet's experiment is extremely pertinent to this study, due to his unique ability to set wealth and all of its alleged benefits to the test of wisdom. The author of Ecclesiastes was an extremely

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[74] Blomberg, 59.

wealthy man, as was the patriarch Job. But rather than use his wealth for the compassionate care of the widow, the orphan, and the alien in the land, Qohelet put his wealth to the test, as himself describes it, for all humanity: an empirical analysis of the true worth of wealth. Whereas Job was deprived suddenly of his wealth, Qohelet was able to retain and increase it while all the time maintaining a sober, clinical, analytical perspective. Whereas Job's attitude toward wealth is that of ambivalence, Qohelet sees it as a form of anesthesia to help man endure the drudgery of life.

Qohelet's approach to life and wealth is undoubtedly less praise-worthy than Job's. it is somewhat hedonistic and has occasioned some writers' comparisons of his philosophy of life to that of Epicurus. Yet unlike later Epicureans, Qohelet fails to find lasting value and satisfaction in the pleasures and conveniences of 'the finer things' this world has to offer. "Everywhere the author discovers the hollowness which lies concealed beneath glitter and show, the pain which is covered by the mask of pleasure."[75] In Qohelet's own words,

> *Then I looked on all the works that my hands had done and on the labor in which I had toiled; and indeed all was vanity and grasping for the wind. There was no profit under the sun.* (Ecclesiastes 2:11).

Qohelet's experiment uncovers all of the common pitfalls associated with wealth in this fallen world. His increased income had a proportionate influence on consumption (5:11), a phenomenon displayed by modern American consumerism. In addition, as Qohelet's wealth increased and his works abounded, so did his anxiety over what would become of all that he had acquired once he was gone (2:18-21). Again, not unlike the billions of dollars spent in our time on estate planning, trusts, and wills. And of course there is the 'keeping up the with the Joneses,' no less powerful a social dynamic in Qohelet's day as in our own (4:4). Ecclesiastes is a remarkably modern book.

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[75] Ernest W. Hengstenberg, *A Commentary on Ecclesiastes* (Sovereign Grace Publishers; 1960 reprint), 17.

But Qohelet also witnessed the darker side of wealth: the oppression that inevitably accompanies disparity of wealth within any society. "And behold, I saw the tears of the oppressed and that they had no one to comfort them, and on the side of their oppressors was power…" (4:1). This phenomenon has been repeated in every age, both locally and internationally, and presents a stark challenge especially to American evangelicals – living as they do not only in the most prosperous country in the world, but the most prosperous in all of human history. Yet Qohelet's advice concerning the reality of oppression is equivocal and somewhat confusing, "If you see the oppression of the poor, and the violent perversion of justice and righteousness in a province, do not marvel at the matter; for high official watches over high official, and higher officials are over them." (Ecclesiastes 5:8).

In spite of the futility of even the wise and wealthy life, Qohelet understandably prefers the 'good life' to its alternative, and consistently encourages the enjoyment of this world's goods while one has them, recognizing them to be the gift of God. Consider Qohelet's frequent refrain, "Eat and drink and make your soul enjoy the good of all its labor, for it is a gift of God." (2:24; 3:12, 13, 22; 5:18,19; 8:15; 9:7,8). Man was created to work, to cultivate the garden and to subdue the earth in a positive, God-honoring way. It is, therefore, natural that man should continue to desire economic advancement and gain, and that he should find pleasure therein. But the advent of sin has, through the divine curse, corrupted and frustrated man's labor so that it has become the common lot of all men to experience the emotions, anxieties, and disappointments of which Qohelet speaks.

Because of this juxtaposition of man's created orientation toward successful labor on the one hand, and the frustration that now accompanies all human labor on the other, Ecclesiastes sets a necessary backdrop to any discussion of biblical economics. Excessive luxury is contrasted with abject poverty in a very modern analysis of economic social stratification. The futility of a no-holds-barred pursuit of wealth, a common feature of the modern economic world, is highlighted throughout by Qohelet, himself a very wealthy man. When the whole of Ecclesiastes is viewed from a Christian perspective, the wisdom of Qohelet is filtered through the biblical fact of redemption, of *re-creation*, and of the inaugurated kingdom of God through Jesus Christ. This will form an important part of the development of a new model of Christian economic theory and practice in Chapter 7.

The Book of Proverbs:

By far the most focused portion of biblical Wisdom literature with regard to economic principles and practice is the Book of Proverbs. Much of the Book of Proverbs consists of short, pithy sayings that cover a wide variety of real life experiences with no apparent arrangement of the whole, though shorter sections and even whole chapters do occasionally follow a thematic layout. Most of the proverbs that pertain to economic principles and practice are widely dispersed throughout the whole book. To briefly survey this material, we will gather the various principles together into some basic proverbial 'laws' or character principles of economics alliterated by three 'Ds' – ***Debt***, ***Dissipation***, and ***Diligence***. This is not meant, of course, to be an exhaustive commentary on all that Proverbs has to say concerning the economic life of man, but rather to highlight what are the most frequently recurring themes.

Debt:

The biblical term for incurring debt is 'surety,' a word that has a wide range of application and implication, and has been hotly debated for millennia. The *Theological Workbook of the Old Testament* discusses the various ways in which the Hebrew word *'ārab* is used in the Old Testament, the most frequent being 'to be/become surety or bail for' someone else.[76] The word is not always used in a pejorative sense, but it does consistently involve placing oneself at risk and in danger of significant loss. From a financial standpoint, the point of view for instance of Proverbs 6:1-5, it connotes placing oneself as collateral for the financial obligation of another.

The general interpretation of *surety* among Christian theologians up to John Calvin (1509-64) was one of strict prohibition on all forms of debt. However, the modern debate concerning surety centers around the various types of debt that have emerged in a more mercantile economic environment – *secured* debt, *unsecured* debt, *investment* debt, etc., and has therefore become more nuanced. These issues have been introduced in the general primer on Economics in Chapter 2, and will be more fully developed from a biblical and theological viewpoint in the historical survey in Chapter 5. What is pertinent to this survey of biblical material is what the Book of Proverbs says concerning 'becoming surety,' and it is uniformly negative.

The theme of the numerous warnings against entering into a debt relationship is the incredible vulnerability that becoming surety introduces into a person's life. With a plug for the 'pay-as-you-go' system, Proverbs 22 admonishes, "Do not be one of those who shakes hands in a pledge, one of those who is surety for debts; If you have nothing with which to pay, why should he take away your bed from under you?" (Proverbs 22:26-27).

It is clearly the perspective of wisdom that a man ought to keep as great a measure of control over his economic fortunes and future as possible. Debt – becoming surety or collateral for an economic obligation – places that control into the hands of the creditor, and thus places the debtor's entire economic structure in danger of collapse. The security of economic autonomy is

[76] R. Laird Harris, Gleason L. Archer, Jr. and Bruce K. Waltke. *Theological Workbook of the Old Testament: Volume II.* (Chicago: Moody Press, 1980), 693.

contrasted with the suffering that comes when the 'note is called' and the debt must be repaid,[77] He who is surety for a stranger will suffer, but one who hates being surety is secure" (Proverbs 11:15) and, "The rich rules over the poor, and the borrower is servant to the lender." (Proverbs 22:7).

The seriousness of taking on debt is highlighted in its most concentrated proverbial form in Chapter 6, where the first five verses portray a father earnestly pleading with his son to extract himself from this dangerous economic predicament with all possible haste. Having *'come into the hand of'* his neighbor through debt, the young man is exhorted to restore the situation as one escaping death itself, "Give no sleep to your eyes, nor slumber to your eyelids. Deliver yourself like a gazelle from the hand of the hunter, and like a bird from the hand of the fowler." (Proverbs 6:4-5)

Proverbs such as these, and the overwhelming proverbial counsel against indebtedness, cannot help but influence the development of a 'biblical' economic theory if it is to have any relevance in today's credit-driven Western (even *world*) economy. Various forms of debt have become as much a way of life to modern Americans, believers and unbelievers alike, as they were unknown to most Americans only a few generations ago. While most modern economists and counselors who operate from a Christian perspective advocate the pursuit of debt-free personal finances, few challenge the infrastructure of credit that underlies modern economic theory. Any modern attempt to develop a biblical economic paradigm for practical use in a Capitalistic economic culture must take into account the strongly counter-cultural teaching of Proverbs concerning the issue of debt and credit.

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[77] Longman, *Proverbs,* 405.

Dissipation:

A second destroyer of personal wealth and well-being, alongside of debt, is *dissipation*. This anchor upon the soul of man can take the form of laziness in the avoidance of work, or of wastefulness in the squandering of one's possessions on 'wine, women, and song.' The injunction of Proverbs against laziness and idleness is, well, *proverbial*. "A little sleep, a little slumber, a little folding of the hands to sleep— So shall your poverty come on you like a prowler, and your need like an armed man." (Proverbs 6:10-11; 24:33-34)

The life of the lazy man is lampooned in Proverbs, "A lazy man buries his hand in the bowl, and will not so much as bring it to his mouth again" (19:24) and is constantly contrasted unfavorably with the life of the diligent man, "The soul of a lazy man desires, and has nothing; but the soul of the diligent shall be made rich." (13:4, *cf* 12:24, 27; 15:19) One of the characteristics of the lazy man most pertinent to the current study is his fear of living diligently and productively in the world, as several proverbs attest. "The lazy man says, 'There is a lion outside! I shall be slain in the streets!'" [78] (22:13, cf. 26:13)

It is easy to understand how laziness undermines a person's economic welfare and reduces him to the servant status reserved for him by the proverbs. The lazy man "fails to plow because of winter; he will beg at harvest and have nothing." (20:4) Yet a more subtle form of dissipation lurks within every prosperous economy – that of *squandering* hard-earned wealth and possessions. And while idleness and the loss of the 'Protestant Work Ethic' are becoming more and more evident within modern American society, it is this latter form of dissipation that presents the greatest danger to Americans' financial well-being, and the greatest challenge to the evangelical economic witness in 21st century America.

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[78] This verse offers an excellent contrast of interpretive methodology, discussed previously. For a ethical/practical hermeneutic see Longman, *Proverbs,* 561. The moral/religious interpretation is illustrated by Bridges, *Proverbs,* 411.

Proverbs offers stern warnings against two of the more socially-unacceptable forms of waste – harlotry and drunkenness. The prostitute is portrayed as an alluring woman who, in the end, will drain the life out of the man who falls for her (Proverbs 5 and 7). This same life-dissipating effect is seen in the proverbial warnings against excessive drink. One vivid portrayal of this vice is the comparison with the mariner 'three sheets to the wind,'

> *Those who linger long at the wine, those who go in search of mixed wine. Do not look on the wine when it is red, when it sparkles in the cup, when it swirls around smoothly; at the last it bites like a serpent, And stings like a viper. Your eyes will see strange things, and your heart will utter perverse things. Yes, you will be like one who lies down in the midst of the sea, or like one who lies at the top of the mast, saying: 'They have struck me, but I was not hurt; they have beaten me, but I did not feel it. When shall I awake, that I may seek another drink?'*
>
> (Proverbs 23:30-34)

Passages such as these are simply recognition by the wise man that there are activities in life – fornication, adultery, alcoholism, to which we may add pornography and gambling – that will thoroughly empty a man of all that makes life worth living. But Proverbs warns of a more subtle, yet no less destructive, vice: that of pursuing worldly possessions and the trappings of wealth to the detriment of a peaceful home and soul. It would be anachronistic to call this behavior 'consumerism' in the time of Solomon, but it is not an exegetical stretch to take what the wise men of ancient Israel had to say about 'over consumption' and apply it to the consumerism of the modern world. The author of Proverbs 8 commends the possession of wisdom over that of fine jewels, instruction over silver, and knowledge over the choicest gold (8:10-11).

It is clear from the Proverbs that there are *inner* qualities of life and living that the acquisition of 'stuff' cannot produce. In fact, the pursuit of the outward manifestations of a prosperous life has the tendency to diminish the inward qualities of peace and piety. This phenomenon is evident in some of the 'better than' proverbs, such as the following from

Proverbs 15, "Better is a little with the fear of the LORD, than great treasure with trouble. Better is a dinner of herbs where love is, than a fatted calf with hatred." (Proverbs 15:16-17)

The 'better than' proverbs are a means of expressing relative value between things in life that all men face. Wealth has its value (especially when contrasted with poverty), but wisdom excels wealth in value. Thus we do not find the ringing condemnation of wealth that many modern socialistic writers wish to see in the Bible. Conversely, we do find a multitude of caveats and cautions to harness sinful man's inherent tendency to pursue wealth out of all proportion to its true worth.

John Kenneth Galbraith, in his prescient book, *The Affluent Society*, highlights the two pillars of modern American economic theory and practice: Production and Consumption. Galbraith wrote the book in the 1950s, setting forth the principle that an increasing emphasis upon production would require a commensurate increase in consumption: the latter feeding off the former and the former fueling the latter in an unending cycle of mutual dependency. "One man's consumption becomes his neighbor's wish. This already means that the process by which wants are satisfied is also the process by which wants are created. The more wants that are satisfied the more new ones are born."[79] What is so alarming about Galbraith's work is how he described the situation wherein the development of a new product would no longer be done in order to *meet* an already existing consumer demand, but would rather *develop* that demand along with the product: the world of modern marketing. It does not take an economist of Galbraith's skill to see how this cycle of production and consumption has taken hold of modern American society, to the point of creating an ever-increasing strain of consumerism that ultimately threatens the stability of the entire economy. Even earlier warnings came from another 'affluent

[79] John Kenneth Galbraith, *The Affluent Society* (New York: The New American Library, 1958), 125.

society' – that of King Solomon's Israel: "Better is a dry morsel and quietness with it, than a house full of feasting and strife." (Proverbs 17:1)

Diligence:

The third economic law from the book of Proverbs is essentially the opposite of the second, the virtue of *diligence* contrasted throughout the Proverbs with the vice of *dissipation*. It is the very nature of the world as God has created it, that even in its fallen condition, diligence will normally be rewarded with success, "The plans of the diligent lead surely to plenty, but those of everyone who is hasty, surely to poverty." (Prov. 21:5) The concept of 'planning' as opposed to hastiness lies at the heart of the successful economic venture, and the successful life. John Jefferson Davis writes, "Without question the book of Proverbs endorses the 'work ethic' and a life characterized by diligence, energetic effort, and self-discipline. The experience of mankind has shown that individuals and cultures characterized by such virtues have in fact tended to prosper."[80]

Much has been made of the apparent connection between nations who have been influenced by a biblically-based work ethic, famously called the 'Protestant' work ethic, and economic prosperity. As Capitalism has tended historically to be the economic model of these prosperous, 'Protestant' countries, it has often been viewed by modern evangelicals as the more 'biblical' economic model. Perhaps the most direct causal relationship between the two was made by the German economist Max Weber in his landmark treatise *The Protestant Ethic and the Spirit of Capitalism*, with which we will engage analytically in Chapter 6. Suffice it to say in this survey of biblical Wisdom Literature, that there is an *a priori* advantage to any economic model and practice that discourages *debt* and *dissipation* and encourages *diligence*.

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[80] John Jefferson Davis, *Your Wealth in God's World.* (Phillipsburg, NJ: Presbyterian and Reformed Pub. Co., 1984), 16.

These three Ds - debt, dissipation, and diligence - furnish a 'three dimensional' picture of a well-developed and biblically-based economic theory. No model of economic behavior can be considered 'biblical' that does not incorporate these clearly-taught principles from the Book of Proverbs. These three Ds are inescapable principles of biblical economic behavior, but they do not necessarily coalesce to form a clear economic model for practice. Like all principles they must be united under a paradigm. Though perhaps not as dynamic and exciting as Atomic Theory, biblical Economic Theory also requires a cohesive paradigm to unite the principial data that pervades the pages of Scripture, and especially that of biblical Wisdom Literature.

The Paradigm: Ecclesiastes 11 & Proverbs 11

Thus far a survey of biblical passages that deal with economics, either directly or indirectly, has not uncovered an obvious economic *model* that the community of faith is to incorporate. Nor has it revealed a clear answer as to which world system, if any, the people of God ought to adopt. Craig Blomberg's excellent and more thorough survey, *Neither Poverty nor Riches*, wisely refrains from endorsing any historical economic model as being indisputably supported by the biblical data. Unfortunately the inconclusive nature of such a survey as Blomberg's, or the one undertaken in the last two chapters of this study, may lead to the view that the Bible does not speak to the economic theory and practice of the people of God. Blomberg himself denies such a judgment, acknowledging that the development of a biblical economic model was simply beyond the scope of his survey project. Indeed, he recognizes that the witness principle that is consistently inculcated for the community of faith under both Old and New Covenants, fairly *demands* that there should be some application of the biblical data to all cultures.[81] Yet when Christian economists and theologians have attempted to perform this application, the results have been widely varied and of questionable success.

To be successful, the economic theologian (or theological economist) must weave together the biblical principles that ought to be present wherever believers are found, into a more coordinated plan of economic action that can be employed within the contemporary cultural setting. Still needing divine wisdom to accomplish this task, we turn to two passages from biblical Wisdom literature that seem to outline, at least in broad strokes, just such a model for any culture in which believers have some measure of control over their economic activity.[82] We may view the three Ds thus far summarized as the principial teaching of Wisdom Literature with regard to economic practice. The two passages to be studied next, and two additional Ds derived from them, form a more methodological teaching. Combined with the Creation – Covenant – Community paradigm that governs the lives of God's people in all ages, these five Ds will be formulated into a community economic model in Chapter 7.

Bread Upon the Waters: Ecclesiastes 11:1-6

The first of these two focus passages is perhaps the most sustained treatment of economic behavior in the Bible, certainly within the Wisdom Literature portion. Ecclesiastes 11 begins with the famous adage, *"Cast your bread upon the waters…"* and proceeds in the next few verses to outline economic activity that is both diligent and diverse.

> *Cast your bread upon the waters, for you will find it after many days. Give a serving to seven, and also to eight, for you do not know what evil will be on the earth. If the clouds are full of rain, they empty themselves upon the earth; and if a tree falls to the south or the north, in the place where the tree falls, there it shall lie. He who observes the wind will not sow, and he who regards the clouds will not reap. As you do not know what is the*

[81] Blomberg, 49.
[82] Blomberg offers an excellent caveat to the application of biblical principles to economic theory: "For these proverbs to remain true even as generalizations, one must have general control over one's work, life, and family, with no severe systematic social problems." (Blomberg, 64.)

> *way of the wind. Or how the bones grow in the womb of her who is with child, so you do not know the works of God who makes everything. In the morning sow your seed, and in the evening do not withhold your hand; for you do not know which will prosper, either this or that, or whether both alike will be good.* (Ecclesiastes 11:1-6)

The traditional interpretation has viewed this passage as referring primarily to 'Christian charity,' reading it along the lines of a divine promise of reward for liberal benevolence. One commentator writes, "Be venturesome in your beneficence. You may seem to be risking much; but in this merchandise, in this husbandry, the reward is sure."[83] Hengstenberg views the first verses as borrowing from sea-trading, in which the fortune of a shipment sent remains unknown for many weeks and months, "So is it also in connection with benevolence: in His own good time the Lord restores that which may have been given to sufferers for His name's sake."[84] But these are examples of the spiritualizing or moralizing hermeneutic discussed earlier, failing to deal with the passage both as it is written and within the context of the wisdom genre of which it forms a part. Michael Eaton is truer to both the words and the context when he writes, "The point, therefore, is not to urge shrewd foresight in calculated philanthropy, but shrewd insight in business."[85] Delitzsch adds, "it is a call, derived from commercial pursuits, to engage in fresh enterprise."[86]

Several commentators who recognize Qohelet's 'earthy' context – his focus upon human activity 'under the sun' – appropriately find in Ecclesastes 11:1-6 a vigorous faith exercising itself in an uncertain and frustrating world. Kidner writes, "He [Qohelet] begins his final advice

[83] T. Campbell Finlayson, *The Meditations and Maxims of Koheleth: A Practical Exposition of the Book of Ecclesiastes* (London: T. Fisher Unwin, 1887), 240.
[84] Hengstenberg, 236.
[85] Michael A. Eaton, *Ecclesiastes: An Introduction & Commentary* (Downers Grove: InterVarsity Press, 1983), 140. Also Murphy, 106.
[86] C. F. Keil and F. Delitzsch, *Commentary on the Old Testament in Ten Volumes* Volume VI, (Grand Rapids: William B. Eerdmans Publishing Company, 1978), 391.

(11:1-6) by turning the argument from life's uncertainty upside down."[87] Far from advocating a fatalistic retreat in the face of the vanity of life 'under the sun,' Qohelet exhorts his readers to what amounts to a full-blooded attack at life – diligent, diverse, and determined. Walter Kaiser summarizes Qohelet's counsel, "Since we cannot comprehend the totality of God's providential acts, the only proper course of action is to be diligent and wholeheartedly involved; some of this activity will succeed even if all of it does not."[88] Although Qoheleth does not engage the covenantal relationship between God and His people, one can readily see the connection between the full-throttle approach to enterprise engendered in this passage and the predilection to prosperity attending the covenantal structures of the historical narratives previously studied. From the overview of Proverbs we can see that Qohelet's advice here comes under the rubric of *diligence*, but to this is added another D: *diversity*.

The uncertainty of life is presented in the middle section of the passage – regarding the cloud and rain and the falling of a tree – vivid examples of two types of circumstances that influence man. The first is one that can be seen in advance; a farmer can see the weather front moving in, yet he is not to succumb to a morbid fear of activity unless the weather is 'just perfect' (11:4). The second type of providence is the sudden – the falling of a tree in the forest, removed from man and unobserved, yet having fallen, there it lies. Both types of circumstances are issues of divine providence, the timing and impact of which lies outside the knowledge of man. Yet the knowledge that unforeseen events will happen must not hinder diligence of enterprise. In light of these two types of uncontrollable circumstances, Qohelet advocates a work ethic that incorporates the proverbial virtue of diligence with the more practical concept of

[87] Derek Kidner, *The Wisdom of Proverbs, Job & Ecclesiastes* (Downers Grove: InterVarsity Press, 1985), 101.
[88] Kaiser *Ecclesiastes,* 112.

diversity. One can never know what the future holds, and even a forcastable future (such as a coming storm) is indeterminate as to its effects. The wise man spreads his risks.

Verse 2, "Divide your portion to seven, or even to eight…" does not refer to a believer's diversification of his mission support funds, but rather to the business practice of minimizing one's risk by not placing all the eggs in one basket. The formula n/n+1 ('seven, even to eight') is not to be taken as a literal and exact instruction, but rather stands in both wisdom and prophetic literature as an indefinite number that pushes to the higher side. "The force of the argument is to diversify one's financial risks. If one or two go under, there are other investments that will come through."[89]

It is important to recognize the modern flavor of this ancient wisdom, coming as it does from an economic culture that was predominantly agricultural. Yet in the midst of such a culture we find the admonition to expand one's economic horizons and to invest in a wide variety of different directions.[90] It is wisdom that is, except in the rare case of complete economic collapse, recession-proof. And it is wisdom that is as current as the latest issue of *Fortune* magazine.. Specialization has become a pervasive characteristic of Western labor, driven perhaps by Adam Smith's concept of the Division of Labor and David Ricardo's Comparative Advantage. As was discussed in Chapter 2, an economy or an individual specialized to such a high degree becomes increasingly susceptible to massive failure should the unpredictable future prove unfortunate. Qohelet offers very practical advice both for the individual believer and for the community of faith with regard to diversifying skills, outlays of investment, and consequently, risks.

It remains to be seen through further investigation, and in another chapter, whether the admonition to diversify found here in Ecclesiastes 11 is fulfilled by today's investment vehicles

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[89] Longman., 256.
[90] The concept of investment is not foreign to Qoheleth; *cp.* 5:14 NASB, *"lost through a bad investment."*

– the 401K, the mutual fund, etc. It may be due to the fact that these devices simply were not available in Qohelet's day, but his economic advice does appear to be more 'hands on' than the involvement most Americans have in their own financial matters. It has been the underlying thesis of this study that believers and the believing community have been commissioned by the Lord to be Salt and Light in whatever cultural context they have been providentially placed. For Western Christians living in a capitalistic, market-oriented economic climate, this entails personal and corporate economic activity. We may derive from Qohelet's instruction in this passage that this activity ought to be far more diversified than it probably is for most believers. Thus *diversity* is the first methodological point to add to the three principial Ds from the teaching of Proverbs. The second, *distribution*, flows from the next focus passage to which we now turn.

The Soul of Blessing Proverbs: 11:24-26

The second paradigm-building passage, Proverbs 11:24-26, is rarely seen by commentators as reflecting upon economic theory and practice, and has consistently been interpreted through the moralizing or spiritualizing hermeneutic discussed earlier.

> *There is one who scatters, yet increases more; and there is one who withholds more than is right, but it leads to poverty. The generous soul will be made rich, and he who waters will also be watered himself. The people will curse him who withholds grain, but blessing will be on the head of him who sells it.* (Proverbs 11:24-26)

Normally this passage is interpreted by Christian commentators and preachers as encouraging altruism – giving sacrificially to others with the knowledge that God will return the blessing. Charles Haddon Spurgeon, in his sermon on the passage, follows this line completely, "The general principle is, that in living for the good of others, we shall be profited also ourselves."[91] Toward the end of his sermon, Spurgeon notes how the Baptist denomination, of which his congregation was a part, had been blessed through the years partly because of the

[91] Spurgeon, C. H. *Metropolitan Tabernacle Pulpit,* Volume 11 (Pasadena, TX: Pilgrim Publications, 1973), 229.

denomination's extensive missionary work. In other words, the 'watering' in Proverbs 11:25 is equated with evangelism in much the same manner as the 'casting bread upon the waters' was from Ecclesiastes 11. This hermeneutic is so pervasive among the stalwart evangelical and reformed commentators, that one is reluctant to stray from an exegetical path so well trodden. Matthew Poole, for instance, interprets the entire passage as dealing with the giving of alms, and Matthew Henry interprets verse 25 as referring to "works of piety, charity, and generosity."[92] John Trapp, in his entry on this verse, simply refers his readers to his comments on Matthew 5:7 and his treatise on almsgiving.

Yet once again the context of Proverbs 11, and the broader characteristic of wisdom writings, argues against such a limited interpretation. Perhaps it would not be too anachronistic to apply the principle inculcated by the apostle Paul – "However, the spiritual is not first, but the natural, and afterward the spiritual." (I Cor. 15:46) Although Proverbs 11 does not have a clear unifying theme, the topic of economic behavior is found throughout, both on an individual and societal level. Verse 26 seems to set the immediate context as one involving the marketplace – as the one who withholds grain is compared with the one who *sells* it. Notice that the merchant does, in fact, *sell* his grain, rather than give it away as benevolence. The major objection that needs to be made regarding the spiritualistic/moralistic interpretation is that it fails to recognize the more mundane, yet more basic, meaning: the economic.

Whether taken in terms of economic activity or of benevolence, verses 24, 25, and 26 have in common the aspect of *distribution*. He who *scatters*, he who *waters*, and he who *sells his grain* are men who divest themselves of that which is theirs to distribute rather than holding tightly to their wealth. The principle of reciprocity or return is central to the rational economic

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[92] Matthew Henry, *Commentary on the Whole Bible,* Volume 3 *Job to Song of Solomon* (Grand Rapids: Hendricksen, 1996), 700.

activity of Capitalism and so the sage instruction in these verses should not be difficult to apply to economic activity within that system. There is an economic dynamic at work in this passage that touches both the means of producing wealth (scattering and watering) and the larger community network in which that wealth circulates (selling). This short proverb contains a fundamental principle of economic behavior that incorporates all three of the 'Cs' – Creation, Covenant, and Community.

The opening principle of this section contains the 'creational' aspect: the basic rule of agriculture with regard to liberality of sowing. The concept of 'scattering' comes from the image of the farmer spreading his seed, a common biblical metaphor simply because it was a common way of ancient (and much of modern) life. Stinginess in sowing leads to paucity of harvest. The writer of Proverbs 11 extends the metaphor beyond simple farming to the paying of wages, *"there is one who withholds what is justly due…"* and to the selling of goods, *"blessing will be on the head of him who sells…"* That which is justly due is, on the basis of many other passages of Scripture, the wages of a laborer. Furthermore, the fact that the man in question *sells* his goods is quite significant in that it takes the lesson being inculcated here beyond mere benevolence, and brings it into the realm of consistent business practice. The concept of 'scattering' is in parallel with the one who, in Ecclesiastes 11, 'divides to seven, even eight,' but the passage in Proverbs shows us that what is in mind is far more than just a recommended business practice – it becomes a matter of the heart.

This is the 'covenantal' aspect of the principle, and flows from the literal reading associated with verse 25. The 'soul of blessing' shall be made 'fat.' Modern nutritional sensitivities tend to react negatively to the concept of becoming 'fat' as a positive thing, but in the ancient world the fat of the land, or the fat of the meat, or being made fat all indicated divine blessing manifested through material prosperity. What is important here, however, is the description of the man who 'scatters' in accordance with the proverbial principle found in this passage. He is fundamentally a 'righteous' man, as can be seen by the frequent usage of that word in the surrounding context (vv. 23, 28, 30, 31). The righteous man, therefore, has a 'soul of blessing' and practices liberal scattering and beneficial sales practices not simply because these represent good business practices, but because it is fundamentally *good* that he seeks (v. 27) and not just *gain.* Yet the covenantal principle that we have seen earlier – that there is a predilection toward material prosperity to those who live in obedience to the covenant – is repeated here. The one who 'waters' the 'waterer' is not mentioned; the implication is that the all-seeing God lies behind this reciprocal blessing. This is how the verse is interpreted by those commentators who take a primarily spiritual approach to its meaning. "Have faith in God; and laying out for him will be laying up for ourselves."[93] But if we take the 'natural' or creational view, then what is promised here becomes a fundamental economic principle as to how covenantal economics is supposed to work: the one who waters *economically* will himself be watered *economically.* Again, this understanding of God's economic plan seems to mesh well with the apostle's teachings in II Corinthians,

> *Now may He who supplies seed to the sower, and bread for food, supply and multiply the seed you have sown and increase the fruits of your righteousness, while you are enriched in everything for all liberality, which causes thanksgiving through us to God.*
>
> (II Corinthians 9:10-11)

It is true that the context in which Paul utilizes the same metaphor as we find in Proverbs 11 is that of a special offering for the relief of famine-stricken brethren in Judea, a fact that would tend to strengthen the 'spiritualizing' hermeneutic. But the apostle is simply employing metaphorically a principle that finds its underlying truth in the natural, created world. If we

[93] Bridges, *Proverbs,* 125.

correctly follow the Pauline hermeneutic, we find that what was true from *creation* – that the earth was meant to yield its blessing to man - became more focused in the lives of the *covenant* faithful – those in covenant relationship with Jehovah, even tangentially, received great material reward. Finally, this economic trend becomes magnified within the covenant *community*, as an integral part of that community's witness to the unbelieving outside world. Thus the wisdom of God's people was to be their witness, as Moses instructed the children of Israel just before their entry into the Promised Land,

> *Therefore be careful to observe them; for this is your wisdom and your understanding in the sight of the peoples who will hear all these statutes, and say, 'Surely this great nation is a wise and understanding people.'* (Deuteronomy 4:6)

By and large the nation of Israel failed, both on the individual and on the communal level, to live up to their high calling. We saw from the survey of the prophetic literature, that socio-economic stratification, with its correlative oppression, obliterated Israel's witness 'in the presence of the peoples.' Perhaps one aspect of Israel's economic sins will shed some more light on the modern application of 'distribution' from Proverbs 11:24-26. It may well be that the reference to withholding that which is due (Prov. 11:25) speaks to the matter of wages, the withholding of which was a major component of Israel's economic sins, "Woe to him who builds his house by unrighteousness and his chambers by injustice, who uses his neighbor's service without wages and gives him nothing for his work." (Jeremiah 22:13)

If the allusion is correct, then a significant characteristic of covenant economics, and any economic model that purports to be biblical, must be the fair, even liberal, distribution of wages. The believer cannot be one who builds his house or business by the unrighteousness and injustice of withheld or insufficient wages. The Christian employer must treat his employees well (scattering and watering) while dealing fairly with the buying public (not withholding his grain in order to get a higher price). There were not many examples of this type of businessman in Israel; but there was one: Boaz.

It would be easy to read too much into the life of Boaz, as little detail is given in the only book wherein he plays a part: Ruth. It is evident that he was a wealthy man and an influential one. He was the master of a landed estate and as such had numerous workers. Is it too much to read in the reciprocal blessings of Ruth 2:4 a mutual respect between master and servants, employer and employees? We soon discover that Boaz, perhaps alone among the farmers of Judah, made provision for the poor according to the Law of Gleaning (Lev. 19:9-10). Indeed, Boaz saw to it that even more than the off-gleanings were given to Ruth; he scattered and watered, as it were, and was watered in return from the Lord. Even from the little we know of Boaz we can deduce, in the modern sense, a godly businessman and employer; a model individual as an illustration of a biblical economic model.

This survey of biblical Wisdom Literature has produced five economic concepts or principles that will coalesce under any biblical economic paradigm to form a sound model for economic activity within the believing community. The principial concepts of *debt, dissipation,* and *diligence* describe the basic parameters of a healthy biblical economic system, regardless of the ‘scientific’ delineations of that system. Added to these three, the methodological characteristics of *diversity* and *distribution* mark out an economic course very conducive to application within a capitalistic system.

The essence of ancient wisdom writings is application – *experienced revelation*, as Goldingay calls it. Therefore it is proper that we turn from our investigation of Wisdom Literature upon the matter of economic principle, to the economic practice of the community of faith throughout the ages. The goal will be to assess, in a necessarily brief historical survey, the

Church’s interpretation and application of the *Creation Mandate* in light of the *covenant community* of God’s people living – working, buying, and selling – in the midst of an unbelieving world.

Chapter 5: Historical Survey of Economic Teaching and Practice in the Christian Church

A continued study of the relationship between biblical revelation and economic theory frequently touches upon a chronic doubt, ever lurking in the shadows, that no such relationship exists. Generations of church theologians and even lay writers assumed that a discernable relationship did exist, but the inconsistency both of theory and of practice has led many modern writers to deny any such hope. This is not to say that modern authors deny to the Bible any preceptive influence on the economic thinking and behavior of Christians, but rather that the existence of a *biblical* economic model is to be denied. Ronald Nash, in a book centered upon economic principles and practices for the believer, concludes his first chapter with a definitive denial of anything like a biblical economic model, "This book is not an attempt to produce a system of Christian economics. There is no such thing as revealed economics. There is no such thing as positive Christian economics…I make no effort to deduce a system of economics from the Bible. Such an activity strikes me as muddle-headed as an attempt to deduce a theory of the solar system from the Bible."[94]

Such a conclusion is hardly encouraging for the current work. Yet there is a persistent strain in Christian economic literature that perseveringly searches for the very thing Nash denies – a system of Christian economics. But the pattern of divergent opinion illustrated by 20th century theorists on the topic of biblical economics –ranging from staunch advocacy of Capitalism to equally strong support of Communism - is but a microcosm of the history of the Christian Church in regard to the development of a positive teaching and a consistent practice of

[94] Ronald Nash, *Poverty and Wealth: The Christian Debate Over Capitalism* (Westchester, IL: Crossway Books, 1986); 12.

economics within the Christian community. Historically there have been wide swings in perspective within the Church concerning the merit or demerit of poverty and wealth – the embracing of one versus the pursuit of the other. Yet through the centuries the theologians of the Christian Church were forced to wrestle with the Bible's teaching regarding economic theory and practice under prevailing economic systems far different than modern capitalism, and often vastly different from each other. From Roman imperialism to Medieval feudalism to Britannic mercantilism – with socialism, fascism, and communism thrown into the mix – Christians throughout the ages have lived economically under the widest possible variety of systems. This observation must lead to one of two conclusions regarding the Christian faith and economic practice.

The first, following Nash, would be to say that the Christian Church in any age is merely responsible to analyze the prevailing economic models and choose the one that best fits biblical principles. "First, a Christian should acquire a clear and complete picture of the Christian world view…then he should put his best effort into discovering the truth about economic and political systems."[95] But this is tantamount to claiming that those of differing opinions must have a faulty 'Christian world view,' In today's world this view has led to a insurmountable breach between those who firmly believe that the Bible sanctions a *socialist* economic system, and those who defend with equal vigor the biblical basis of *capitalism*. This approach also bears the uncomfortable characteristic of *accommodation* – adaptation to a worldly system of economics – which often proves to be a choice between the lesser of evils. All scientific theories of economic practice are worldly. Furthermore, Capitalism and Socialism are both relatively modern systems, and are subject to the same obsolescence that removed mercantilism and feudalism from the scene.

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[95] Nash, 60.

The alternative conclusion must be that the very diversity of world economic systems in which the Church has lived in her two millennia, serves as a variegated backdrop to her timeless duty to be salt and light in the midst of world around her. In other words, the Church is not called to justify any given world economic system, but rather to witness to the world through an economic practice uniquely her own. It is impossible to escape the fact that this was to be the guiding principle of the nation of Israel in the presence of the nations of the ancient Near East. Nor can it be argued that the approach is unrealistic and therefore not worth the effort. The effort has been made within the history of Christianity and by segments of it. Monastic communities attempted it, Anabaptist cloisters did as well, as did pilgrims to the New World of America. There were notable failures, such as Münster, Germany in the 16th century. But there have been at least moderate successes as well, such as the German pietist colony of Amana, Iowa, founded in the mid-19th century. But the success or failure of any attempt by the Church to live as a 'peculiar people' in the midst of a 'crooked and perverse generation' does not negate the biblical injunction to try.

A chronological survey of the teaching and practice of the Church in regard to economic life would seem to be a reasonable approach to a historical study of biblical economics. Such a methodology would progress from the Patristic writings, through the Scholastic theologians of the Middle Ages, the teachings of the magisterial Reformers, and on into the writings of modern scholars in light of such economic developments as the Industrial Revolution and the rise of Communism. This approach would, however, mask a definite paradigm shift that took place in the relationship between the believing community and the economy of the surrounding culture. By the accounting of some historians, this paradigm shift took place during the 16th Century, and was a significant consequence of the Protestant Reformation. The transformation in perspective with regard to economic behavior within the Christian Church is the profound historical thesis of *The Protestant Ethic and the Spirit of Capitalism*, written a century ago by the German social philosopher Max Weber.

Weber's thesis – that the Protestant, and especially Calvinistic, perspective on labor and the accumulation of wealth set the social and religious framework necessary for the propagation of Capitalism – has been embraced or refuted by writer after writer throughout the 20th and into the 21st century. Whether one agrees or disagrees with Weber's arguments and conclusions, it cannot be denied that his theory has become the point of reference for all subsequent thought concerning Capitalistic economics viewed from a Christian perspective. It is perhaps not to say too much to assert that Weber's thesis is as important to the history of religious thought on Capitalistic economics as Adam Smith's seminal work is to the scientific history of the economic system. Therefore, this study will begin the survey with a summary of Weber's treatise, working out from that historical paradigm shift during the Protestant Reformation to its implications upon such topics as wealth and poverty, interest and debt, career and social mobility, and the role of economics in the witness of the Church to the world.

Weber drew very bold lines of causation between certain changes in religious thinking relative to economic practice, on the one hand, and the development and success of Capitalistic economic practices throughout the Western world on the other. Tracing the path from Martin Luther to John Calvin, and thence to the Puritan theologians and merchants of Holland and England, Weber builds an argument for the closest of relationships between Calvinistic Protestantism and Capitalism. Early in the work Weber agrees with another scholar in calling the "Calvinistic diaspora the seed-bed of capitalistic economy."[96]

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[96]Weber, Max, *The Protestant Ethic and the Spirit of Capitalism* (Mineola, NY: Dover Publications; 2003), 43.

Weber built his thesis broadly around three economic aspects of human and religious life. The first is labor itself: the relationship between man and work in light of the Fall and of redemption. The second perspective is that of the nature of money: the pursuit and possession of it (wealth), the absence of it (poverty), and the use of it for the generation of more (the sterility or fruitfulness of money). Finally, Weber develops the concept of the 'worldly asceticism' of 16th and 17th Century Calvinism which inculcated the dominion of Christ and the authority of Scripture over every aspect of a believer's life. Weber's hypothesis regarding the connection of these shifts in religious perspective, on the one hand, and the growth of Capitalism on the other, is illustrated by the economic prosperity of the English Puritans, the Dutch Reformed community, and the Calvinistic Huguenot community in France. It follows from Weber's analysis that wherever the Calvinistic form of the Christian worldview held sway, conditions would be favorable for the spread and success of Capitalism. This is indeed what one discovers by even the most cursory review of economic history over the past three to four hundred years.

The Sanctity of Work:

It is appropriate to begin this review with that aspect of economic practice that can be traced to the Garden of Eden, and to man's innocence. We have already had occasion to consider the Creation Ordinance of Work, and the significance of this theological concept upon every man's daily vocation. It would seem that biblical Christianity would be historically consistent in maintaining the basic dignity and sanctity of labor, but this is not what we find in the centuries between the post-apostolic Fathers and the Medieval Schoolmen. Work itself was not denigrated, *per se*, but the role of vocation as a function of one's relationship to and with God became distinctly segregated into the mundane and the spiritual, the secular and the sacred.

The basic problem, as early Christian writers saw it, with the practice of economics by believers was that the working of the field or business, the purchasing of homes and goods, and the whole arena of the marketplace were 'cares of the world' which threatened to choke out the seed of God's word. Wealth represented the greatest of moral dangers to the faithful, for it reduced the entrance to heaven to the size of a needle's eye, while the wealthy swelled to the stature of camels. A man's possessions could easily become the anchor that would fix his soul upon the earth, and render his passage to a blessed afterlife impossible. This aversion to wealth and to its means of accumulation gave rise to the practice of *renunciation*.

The most familiar channel into which the practice of renunciation flowed was that of communal monasticism. Money and possessions in and of themselves were recognized as necessary instruments to the living life in this world. It was as *personal* articles of ownership that the trappings of work and wealth became dangerous. Therefore, it was considered a wise course of action for one's eternal destiny to renounce the pursuit of private acquisition, and to combine one's own possessions and labor with others of like mind. Thus were the monastic communities born. Work was still performed within these communities, and in later centuries some of the monastic orders would become economically vigorous and powerful, but the initial goal of 'voluntary poverty' or asceticism was intended to unburden one's mind and soul from the troubles of economic life and the temptations of worldly mammon, all being replaced by the more spiritually profitable disciplines of prayer and fasting. "Possessions weigh down the monk, distract him from prayer, and exacerbate the irascible aspect of his soul.[97]

The practice of renunciation was epitomized in the early church by the life of the Egyptian monk, Anthony. So impressed by this anchorite's rejection of the worldly life, the great theologian Athanasius wrote a biography, *The Life of Antony,* and set before the world a picture of the ideal response of a Christian to the world's system of labor and wealth. Anthony's

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[97] Susan R Holman, ed. *Wealth and Poverty in Early Church and Society* (Grand Rapids: Baker Academic, 2008), 77.

asceticism, and that of all who would imitate him, was based upon the Lord's injunction to the rich young man, recorded in Matthew 19, "Go, sell all your possessions and give to the poor…and come, follow Me." Antony's subsequent life of asceticism began in complete reliance upon others to bring him gifts of food and clothing, but then developed into a meager self-sufficiency built around a small garden and a cave dwelling in the Egyptian desert. The overarching concept was that of *vulnerability* and *utter dependence upon God.* A life of bare sufficiency and economic vulnerability remains the monastic ideal to this day.

The developments of voluntary poverty, anchorism and communal monasticism had the ultimate effect on Christian society of separating the members of the catholic Church into two classes. On the one hand there was the majority of the population, who pursued the crafts and trades of their ancestors, buying and selling, planting and harvesting, and carrying upon their souls the day-to-day cares of worldly life. Legitimate employment among these masses was relegated to the realm of the secular, the 'necessary evils' of life in this world, and those whose lives were occupied in this manner were highly dependent upon the sacramental grace provided by the Church through its sacraments. Those who earned money could use their income to purchase remission of sins and, eventually, the praying of the Mass for their succor beyond the grave.

The other, much smaller, class of Christians were those who had renounced a worldly life and dedicated themselves to the retired life devoted to God. Anchorites, monks, nuns, and priests were the members of this caste of spiritual workers, whose calling was above this world – a calling to prayer and meditation and fasting. This development firmly established in the minds of countless generations the distinction between secular and spiritual labors. Work, and more importantly the fruit thereof, ceased to be a divine ordinance dating from before man's corruption; rather it became a necessary evil to be expunged through charity and the Church's sacraments. Money itself was considered defiling, and those occupations closest to the handling of money – merchants, bankers, 'moneylenders' – were commonly viewed as contemptible.

It is Martin Luther who is credited with striking the first blow against this ancient division of labor between secular and spiritual, though the German Reformer was not much kinder toward merchants than Chrysostom. Luther's ethical teachings are not always easy to recognize or interpret. Apart from not being the systematic theologian that Calvin was, Luther's emphasis on 'law and grace' and his single-minded devotion to the doctrine of justification by faith often crowded out views on other, more mundane topics. British historian R. H. Tawney offers an amusing analysis of Luther's social theology: "Luther's utterances on social morality are the occasional explosions of a capricious volcano, with only a rare flash of light amid the torrent of smoke and flame, and it is idle to scan them for a coherent and consistent doctrine."[98]

Yet the German Reformer was clear and vehement in his opposition to the traditional division of man's earthly labor into sacred and secular categories. Weber considers Luther's use of the term 'calling' as connoting a religious conception unknown to Catholic writers in the centuries prior to the Reformation. Luther considered a man's discharge of his vocation to be one of the highest forms of the moral fulfillment of his earthly duty to God. "The only way of living acceptably to God was not to surpass worldly morality in monastic asceticism, but solely through the fulfillment of the obligations imposed upon the individual by his position in the world. That was his calling."[99]

Luther's liberation of labor from the shackles of secularism did not give rise to what Weber calls the 'Spirit of Capitalism.' This is because Luther still viewed society in entirely

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[98] R. H. Tawney, *Religion and the Rise of Capitalism: A Historical Study* (London: John Murray, 1944), 88.
[99] Weber, 79-80.

traditional terms, meaning a feudal economy strictly tied to the generational constancy of occupation. One did what one's father did, and what one's grandfather did, and so on. Ernst Troeltsch highlights this very important distinction between Lutheran and other forms of Protestantism with regard to their influence on economic development. He notes that "[Lutheranism] was closely bound up with a conservative Society organized on a class-system, and tended to keep each individual in his own class."[100] In defense of this conservative stance, Luther pointed to the Pauline admonition found in I Corinthians 7:20, *"Let each one remain in the same calling in which he was called."* Luther's traditionalism could not find room for the kind of societal upheaval that typically accompanies the advent and progress of Capitalism. He gave many instances, in writing and in action, to personally prove that his doctrine altered man's position vis-à-vis eternity, but did not materially change his life here on earth. "Thus for Luther the concept of the calling remained traditionalistic. His calling is something which man has to accept as a divine ordinance, to which he must adapt himself."[101] A modern Lutheran writer summarizes Luther's view, "The call to follow Christ leads not to any religious vocation removed from daily life, but instead it transforms the attitude and understanding one has of the situation in which one already is."[102]

Weber turns to another Reformer to find the theological and social soil in which Capitalism would flourish: John Calvin. Although Weber's work ostensibly links the 'Spirit of Capitalism' with the 'Protestant Ethic,' it is manifestly in the Calvinistic branch of Protestantism that he finds the truest connection between these two concepts. "Weber was led, by way of conjecture from the fact that capitalism flourishes best on Calvinistic soil, to draw the conclusion

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[100] Ernst Troeltsch, *Protestantism and Progress: A Historical Study of the Relation of Protestantism to the Modern World* (Boston: Beacon Press, 1958), 129.
[101] Weber, 85.
[102] Marc Kolden, "Luther on Vocation," *Word & World* Volume 3, Issue 4 (1983), 386.

that the ethico-religious spirit of Calvinism had a special significance for the arising of this capitalistic spirit."[103] Calvin was the most systematic of the early Reformers, and his careful theological treatment of virtually every aspect of the Christian faith impinged upon economic theory and practice to a degree that Luther and Lutheranism never attained. Calvin's doctrine of a well-ordered cosmos under the sovereign control and guided by the wise purpose of Almighty God lent meaning and purpose to every part and portion of life. Ultimately to Calvin and to his successors, that purpose was and is that all things be done for the glory of God. Weber summarizes this cohesive worldview, "For the wonderfully purposeful organization and arrangement of the cosmos is, according both to the revelation of the Bible and to natural intuition, evidently designed by God to serve the utility of the human race. This makes labour in the service of impersonal social usefulness appear to promote the glory of God and hence to be willed by Him."[104]

The impetus in the believer's life becomes the glory of God, and success in this endeavor – regardless of the vocation – becomes outward evidence of the grace and blessing of God upon that life. "For only by a fundamental change in the whole meaning of life at every moment and in every action could effects of grace transforming a man from the *status naturæ* to the *status gratiæ* be proved."[105] This is the logic of Calvinism that Weber sees fueling the economic prosperity of such Calvinistic heirs as the Huguenots, the Dutch, and the English Puritans. The result of this all-encompassing life ethic is the 'worldly asceticism' of which we will have occasion to discuss later in this chapter.

Providentially, Calvin's Geneva was to become the perfect laboratory for the development of economic theories. Due to the fact that Geneva had become a haven for foreign

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[103] Troeltsch, 134.
[104] Weber, 109.
[105] Weber, 118.

religious refugees, the Reformer was less concerned about men abiding in their ancestral occupations and was more open to necessary changes in vocation. It was necessary that Geneva develop an vibrant and growing economic base in order to support the influx of refugees fleeing persecution in their homelands because of their Protestant beliefs. Being the systematic theologian that he was, Calvin applied the rigor of his theological mind to the moral and ethical principles and practices of trade and commerce. He thus developed a practical theology that, while extremely cautious toward the dangers of wealth, fostered a sanctity of labor itself and of economic success which proved to be very conducive to future capitalistic economic trends.

Calvin's holistic approach to theology and life could not accept a division between the sacred and the secular with regard to man's vocation. Wholeheartedly accepting Luther's reinvigoration of the concept of the priesthood of believers, Calvin expanded that doctrine by teaching that all that a man did was in service to his King and Lord. "The true Christian must organize his life as a whole for the service of his Master."[106] Furthermore, and against monasticism, Calvin taught that one's labor in this world was the outward expression of God's continuing work in and on behalf of the community. In other words, no man was permitted to isolate himself in the name of the pursuit of God; neither was any man allowed to pursue his worldly vocation merely for personal gain. Biéler summarizes this central plank of Calvin's ethical social teaching, "As human work is the visible activity through which God himself works in the world, that labour has to be carried through in solidarity, directed at the benefit not exclusively of the individual but of the whole community."[107]

Calvin thus transformed labor from the morally neutral, natural state of man, as taught by the medieval Schoolmen, to the realm of the spiritual and religious. The application of these

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[106] Tawney, 111.
[107] Biéler, André; *Calvin's Economic and Social Thought* (Geneva: World Alliance of Reformed Churches; 2005) , 362.

principles by Calvin's spiritual heirs in a European environment of persecution, stimulated a communal economic character within Reformed communities that proved extremely conducive to the growth of capitalistic practices. The Genevan Reformation was excluded from the Peace of Augsburg that placed Lutheranism upon the same footing in Europe as Roman Catholicism. From the date of that peace accord (1555) to the signing of the Treaty of Westphalia (1648) – amidst horrendous persecution and an incredibly destructive 'Thirty Years' war – Calvinism was forced to stand on its own, to survive and to prosper. In so doing, it grew both doctrinally and economically to surpass and dominate the other two branches of European Christianity. The survival of Reformed Christianity, and the economic strength of those nations most influenced by it, are facts of history that make a connection between the 'Spirit of Capitalism' and the 'Protestant Ethic' a very plausible concept.

Martin Luther may be said to have liberated work from the constraints of natural worldliness; Calvin may justly be credited with raising a man's occupation to the level of lay ministry to God; but it was the Puritans who came to view labor, and especially the success therein, as outward evidence of inward grace and divine blessing. Puritans were known even among their opponents as hard-working, self-disciplined practitioners of Calvin's social ethic. Even so, it took some time before Puritan preachers and theologians were willing to allow men to alter their vocations in pursuit of economic success. William Perkins, a father of English Puritanism in the Elizabethan era, held to Luther's standard that a man was prohibited from changing his calling unless 'released by God.'[108]

Nevertheless, economic forces within England and elsewhere – the early rumblings of the Industrial Revolution - drove men from their generational vocations to seek work in the new

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[108] William Perkins, *A Treatise of Callings*; in *The Foundation of Christian* (Edmonton: Still Waters Revival Books, nd), 718.

mercantile and manufacturing trades, taking their newfound view of labor as ministry to God with them. As a result, perhaps even an inevitable result, Puritan societies frequently flourished economically. Individual wealth was not the goal of man's labor; the goal was the manifestation of the glory of God in the lives of His people. Nevertheless, the Calvinistic/Puritan work ethic and economic prosperity traveled through time and through Europe and the New World hand in hand. "'The capitalist spirit' is as old as history, and was not, as has sometimes been said, the offspring of Puritanism. But it found in certain aspects of later Puritanism a tonic which braced its energies and fortified its already vigorous temper."[109]

Much Ado About Money:

The second point of tectonic shift in Christianity's view and practice of economics, in Weber's analysis, came with regard to the workhorse of all economic systems: money. A *prima facie* conclusion may easily be drawn with respect to a believer's relationship to money from such New Testament passages as I Timothy 6:10, placing money at the root of all evil, and Matthew 6:24, establishing money (mammon) as a counter-deity to God. Biblical passages such as these, coupled with an Aristotelian view of the sterility of money,[110] resulted in a pervasive distrust and antipathy for money, even as a medium of exchange, in the minds of the theological writers of Early and Medieval Christianity. When the concept of the 'cost' of money – interest or usury – is added to the mix, antipathy became hostility, and generation after generation of theologians railed against the charging of interest for the use of money as being the economic spawn of the devil. As with a man's earthly labor, the religious perspective on money and

[109] Tawney, 227.
[110] Aristotle, *Politic,* Book I Part X, "The most hated sort, and with the greatest reason, is usury, which makes a gain out of money itself, and not from the natural object of it. For money was intended to be used in exchange, but not to increase at interest. And this term interest, which means the birth of money from money, is applied to the breeding of money because the offspring resembles the parent. Wherefore of an modes of getting wealth this is the most unnatural."

interest did not significantly change until the Reformation; once again through the teachings of John Calvin.

In the post-Apostolic era, the exclusive focus of Christian literature with respect to money is in regard to the relationship between wealth and poverty, and the role of the Christian and of the Church within this context. Inheriting no scientific economic theory from the decaying Roman Empire or from historic Judaism, early Christianity saw no need to develop one of its own. The economic realities of the time were simple: most people subsisted at varying degrees of poverty; very few were wealthy. There was no middle class within the cultures familiar to the earliest believers, and mercantile exchange was limited to the local market almost exclusively. One historian of the Roman era estimates that 90% of the population of the empire lived at or below subsistence.[111] The biblical witness conformed to the early believer's experience in the world of his time: a fairly simple dichotomy between the few who were wealthy and the vast majority who were poor. On the one hand, *"the poor you will have with you always,"* and on the other, *"It is easier for a camel to pass through the eye of a needle than for a rich man to enter the kingdom of Heaven."* It is not surprising, then, to find the Christian writings of the first millennium of the Church dealing with the nature of wealth and of poverty, and the relationship between believers in each category.

This line of thinking and writing developed over the centuries into two distinct strains of economic teaching and practice within Christianity. Poverty, necessitating as it does a more complete dependence upon God's provision, became an almost sacred state of existence among the monastic and ascetic orders. This particular perspective does not impinge upon the current study, for while the view may have been held by many, it was practiced by few. Furthermore, it is fairly easy to see that voluntary poverty does not engender the 'Spirit of Capitalism.'

[111] Holman, 19.

The other strain of early Christian thought attempted to come to grips with the reality, and even the necessity, of wealthy members of the community of faith. Rather than developing a scientific economic theory or practice, theologians developed a social structure for the community in which both rich and poor held a divinely-ordained function and purpose. The poor were by reason of their vulnerability the 'de facto image of God' in the world.[112] Consequently the relationship of the wealthy to the poor was that of *benefactor*. And the corresponding role of the poor person relative to the wealthy was to be that of *intercessor*. "Wealth should be used wisely according to God's plan and for the service of fellow Christians, but in exchange the recipients would honor their benefactors through intercessions and prayers."[113] Clement of Alexandria (d. AD 215) reduced this relationship to an economic market exchange basis, using terms consistent with a mercantile trade arrangement: "What beautiful trade, what divine business! One buys incorruptibility with money, and by giving the perishable things of the world one receives an eternal abode in exchange."[114]

Thus a tenuous relationship developed between the Church and wealth, at least on the theoretical level. Perhaps due to the realization that few would adopt the penurious life as their own in pursuit of greater separation from the dangerous tentacles of wealth and worldliness, theologians emphasized the responsibility that accompanied the possession of wealth. The views of Thomas Aquinas prevailed throughout the Middle Ages, "It is lawful to desire temporal blessings, not putting them in the first place, as though setting up our rest in them, but regarding them as aids to blessedness, inasmuch as they support our corporal life and serve as instruments for acts of virtue."[115] While the Church thereby came to an uncomfortable but functional

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[112] Gregory of Nazianzen, quoted by Edward Moore, "Wealth, Poverty, and the Value of the Person," Holman, 62.
[113] Annewies van den Hoek, "Widening the Eye of the Needle," in Holman, 68.
[114] Holman, 74.
[115] Tawney, 31.

coexistence with mammon, there was one economic matter upon which little or no quarter was given: the charging of interest for the loan of money; in a word, *usury*.

Prior to the Reformation, the general view of Christian theologians regarding the charging of interest on loans appears to have been a synthesis between the Old Testament prohibition against interest on loans to poor Israelites, and the Aristotelian view of the sterility of money. The biblical injunction is summarized in Leviticus 25,

> *If one of your brethren becomes poor, and falls into poverty among you, then you shall help him, like a stranger or a sojourner, that he may live with you. Take no usury or interest from him; but fear your God, that your brother may live with you. You shall not lend him your money for usury, nor lend him your food at a profit.* (Leviticus 25:35-37)

This passage, along with a parallel in Exodus 22:25-27, is contextually related to grants of financial aid to the poor among Israel's own people. Further instruction in Deuteronomy 23 seems to forbid the charging of interest on a loan to any fellow Israelite, regardless of the latter's financial condition. The charging of interest on loans to foreigner is, however, expressly permitted,

> *You shall not charge interest to your brother—interest on money or food or anything that is lent out at interest. To a foreigner you may charge interest, but to your brother you shall not charge interest, that the LORD your God may bless you in all to which you set your hand in the land which you are entering to possess.* (Deuteronomy 23:19-20)

It is reasonable to assume that these statutes concerning the charging of interest on loans were at least primarily addressed to the lending of money to stave off financial ruin or to alleviate financial stress experienced by fellow Israelites. A host of other legislation found in the Pentateuch governs the collateral, payback terms, and forgiveness of such debts. The overarching principles contained within these passages are two: no Israelite is permitted to profit off the misfortune of his brother, and no Israelite was to be permanently displaced from his inheritance on account of economic calamity. Yet a complete and comprehensive prohibition against the charging of interest, in any and all situations, is simply not found in the Old Testament.

Therefore the synonymous usage of the terms 'usury' and 'interest,' and the subsequent blanket prohibition of the practice within the early Church, must have arisen from other means than a simple extrapolation of the Old Covenant statutes to the New Covenant community. A survey of the literature spanning from the post-apostolic era to the medieval schoolmen reveals a threefold justification for the almost universal anathema pronounced against the charging of any interest for the loan of money. Each point can be summarized by a Christian virtue violated by the practice of usury – Love, Equity, and Justice.

The Christian Gospel inculcated a different relational paradigm with respect to the world, a paradigm of love that incorporated a willingness to be wronged in matters of trade for the sake of the Kingdom. The one who loans may benefit financially by charging interest on the money loaned, but in doing so he forfeits any eternal reward having *"received his reward in full."* "The usual opinion was that the taking of interest on loans was not only forbidden by the Scriptures but was also contrary to charity and neighborliness; a loan must be gratuitous; the welfare of society at large transcends individual gain."[116] In regard to usury, early Church writers applied the teachings of Jesus recorded in Luke Chapter 6,

> *But I say to you who hear: Love your enemies, do good to those who hate you, bless those who curse you, and pray for those who spitefully use you…And if you lend to those from whom you hope to receive back, what credit is that to you? For even sinners lend to sinners to receive as much back. But love your enemies, do good, and lend, hoping for nothing in return; and your reward will be great, and you will be sons of the Most High. For He is kind to the unthankful and evil.* (Luke 6:27-28; 34-35)

The hermeneutical question involved in the interpretation of Jesus' words revolves around the connection between this Lucan passage and the injunctions previously mentioned

[116] Kitch, M. J., *Capitalism and the Reformation* (New York: Barnes & Noble; 1968); 125.

from the Old Testament. In other words, was Jesus banning the charging of interest on *all* loans or only, as in the Mosaic legislation, loans of distress given to the poor? Until the 16^{th} Century, Church theologians consistently ruled that the 'higher law' of love enlarged the scope of prohibition against interest to cover loans of all types. Indeed, Jesus' commandment regarding loans is an extension of the Golden Rule, and not only precludes the receiving of interest on the amount loaned, but further enjoins the forfeiture of the principal itself.

The second pole to which the early and medieval Church's position on interest was oriented had to do with Equity. The abuse of the poor through oppressive lending practices was commonplace in ancient Israel as it was in the Roman world of the first century. James speaks in his epistle of the rich as oppressors, and it is evident from the writings of the Old Testament prophets as well as from secular authors, that the *modus operandi* of oppression was the charging of interests on loans and other monetary exchanges. The practice of the moneychangers in the Temple was not merely to exchange items suitable for sacrificial offering for their equivalency in specie, but to charge exorbitant 'interest' on the transaction. Both the name and the fate of the 'moneychanger' were subsequently applied to all who charged interest for loans – acts punishable under canon law in the early and medieval Church, and until relatively late unpardonable by priestly absolution.[117] Interest and usury were defined essentially synonymously as any monies received by the lender beyond the principal of the loan.

The prevailing view on loans and credit was that no more should be taken in return than the amount given. Otherwise the lender profits from the labor of another man, without exerting his own effort in a productive manner. As the love of money is the root of all evil, argues one modern scholar, so also avarice is the root of usury, "since the usurer seeks the product of

[117] Kitch, 118.

another's work, a payment in exchange for no work of his or her own."[118] Such economic practices brought upon the princes of Israel the wrath of God mediated through the prophets such as Ezekiel: "*In you* [Jerusalem] *they take bribes to shed blood; you take usury and increase; you have made profit from your neighbors by extortion, and have forgotten Me, says the Lord GOD."* (Ezekiel 22:12)

The third pole of opposition, Justice, entered the practical theology of the Church through the writings of the Greek philosopher Aristotle. Aristotle taught that money itself is but a tool of exchange and cannot be viewed as a productive entity within the economic system. In short, money is sterile and cannot reproduce itself. From his treatise on Politics, we read the *locus classicus* for the oft-repeated concept of the reproductive impotence of money and the consequent prohibition against interest,

> The most hated sort, and with the greatest reason, is usury, which makes a gain out of money itself, and not from the natural object of it. For money was intended to be used in exchange, but not to increase at interest. And this term interest, which means the birth of money from money, is applied to the breeding of money because the offspring resembles the parent. Wherefore of all modes of getting wealth this is the most unnatural.[119]

The essential thought underlying Aristotle's view is that money can only be earned with propriety when it is earned through production. This involves the improvement of either land or commodity; a tangible product resulting from the labor of one's hands. Interest charged on money loaned is the earning of income whether productive labor is expended or not; it is trading upon the future, which is unknown to all men. "The essence of usury was that it was certain, and that, whether the borrower gained or lost, the usurer took his pound of flesh."[120]

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[118] Ballard, 224.
[119] Aristotle, *Politics*, Book One, Part Ten.
[120] Tawney, 42.

Thomas Aquinas (d. 1274) was perhaps the theologian who labored most intensely to synthesize Aristotelian philosophy with Christian theology. On the issue of usury, Aquinas leveled the charge of injustice on the basis of what we might call 'double jeopardy,' economically-speaking. In his *Summa Theologica*, Aquinas echoes 'the Philosopher' in that money belongs to the category of a medium of exchange, the rightful use of which is to be consumed in the process of an exchange of equal value. The charging of interest amounted to a double use of money – first in exchange for the commodity of equal value; second for a value in excess of that commodity: the interest. "Hence it is by its very nature unlawful to make payment for the use of money lent, which payment is known as usury, and just as a man is bound to restore other ill-gotten goods, so is he bound to restore the money which he has taken in usury."[121]

At the dawn of the Reformation the established opinion against the charging of interest for loans was nearly universal. In practice, however, many exceptions were already being made, and usury was no longer the unpardonable sin that it had been for centuries. Economic realities were fast overtaking theological formalities. Yet even John Calvin, who is widely credited with enabling the quantum shift in the Church's view toward interest, was never comfortable with the practice. Tawney summarizes the attitude of the Church prior to Calvin toward interest,

> To take usury is contrary to Scripture; it is contrary to Aristotle; it is contrary to nature, for it is to live without labour; it is to sell time, which belongs to God, for the advantage of wicked men; it is to rob those who use the money lent, and to whom, since they make it profitable, the profits should belong.[122]

Many cultural factors must have contributed to the necessity of John Calvin revisiting the economic concept of interest/usury in mid-sixteenth century Geneva. The charging of interest on

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[121] Aquinas, Thomas; *Summa Theologica*; quoted in Kitch, 126.
[122] Tawney, 43.

commercial loans had been an ongoing practice for at least decades, if not centuries, by the time of Calvin. The powerful banking conglomerate of Fuggers had its beginnings sometime in the late fourteenth century, and by the time of the Reformation had become the creditors of kings, emperors, and popes. Money-lending and banking had spread across Europe in the late Middle Ages, and was already an integral part of the Genevan economy before Calvin arrived. As was noted earlier, the influx of Protestant refugees into Geneva placed a great burden upon the economic structure of the city, and economic growth was critical to the accommodation of population growth.

Thus the immediate circumstances in which the Reformer found himself in Geneva required that he analyze the subject independently of previous theological pronouncements. The most explicit and detailed treatment of the matter is found in Calvin's comments upon Exodus 22:25. In this section of his Harmony of the Law, Calvin gives a most grudging acceptance of the legality of interest in some cases, but his words are hardly the ringing approbation that they are sometimes made out to be by modern scholars.

Calvin begins by noting that the context in which the biblical prohibitions against usury are consistently found have to do with the equitable and charitable treatment of the poor. He notes, wisely, that the opportunity for increase upon loans to the wealthy or to foreigners draw money away from charitable giving to the poor, and hence render their lot even more desperate. Commenting on Christ's words in Luke 6:35, Calvin writes, "…since in lending, private advantage is most generally sought, and therefore we neglect the poor, and only lend our money to the rich, from whom we expect some compensation, Christ reminds us that, if we seek to acquire the favour of the rich, we afford in this way no proof of our charity or mercy."[123]

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[123] John Calvin, *Commentaries on the Four Last Books of Moses Arranged in the Form of a Harmony*, Volume Third (Grand Rapids: Baker Book House, 1993), 127.

Throughout his analysis of Exodus 22:25, Calvin actually seems to intensify the prohibition against usury by appealing to both charity and to the new, spiritual verities that prevail under the Gospel. Even the Old Covenant allowance for the charging of interest to foreigners is mitigated by Calvin on the basis of the Gospel, “Moreover, since the wall of partition which formerly separated Jew and Gentile, is now broken down, our condition is now different; and consequently we must spare all without exception, both as regards taking interest, and any other mode of extortion; and equity is to be observed even toward strangers…the common society of the human race demands that we should not seek to grow rich by the loss of others.”[124]

In the end, however, Calvin stops short of a blanket prohibition against all forms of usury, as being more than Scripture commands. “But if we would form an equitable judgment, reason does not suffer us to admit that all usury is to be condemned without exception.”[125] Noting again that the biblical proscriptions are with regard to the poor, Calvin accepts the legality of interest when lending to the rich.[126] Yet even here the Genevan Reformer is not personally comfortable, and offers a caveat that hardly places him at the forefront of capitalistic economic development, “I should, indeed, be unwilling to take usury under my patronage, and I wish the name itself were banished from the world; but I do not dare to pronounce upon so important a point more than God’s words convey.”[127]

The consequence of Calvin’s refusal to condemn the practice of interest/usury on the basis of biblical authority, coupled with a growing mercantile economy in the late Middle Ages, was the development of a subtle division of thought between the terms ‘usury’ and ‘interest.’

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[124] *Ibid.*, 128.
[125] *Ibid.*,131.
[126] *Ibid., 131.*
[127] *Ibid.*, 132.

Condemnation of the former continued among the successors of Calvin, while acceptance and even encouragement of the latter progressed alongside. A 16th Century laymen, an English lawyer by the name of Thomas Wilson, published a lengthy treatise on the issue of Usury. In this discourse, Wilson develops this legal and theological distinction through the voice of his main character,

> The Merchant: "We lend not for usury, but for interest, and by exchange, and I think no man can disallow either interest or exchange…who will be so mad as to pay thousands in another country for moonshine in the water, to have nothing for his pains, but only his labour for his travail? Hope of gain makes men industrious, and, where no gain is to be had, men will not take pains."[128]

This last statement has a remarkably modern ring to it, for it has become one of the central tenets of Capitalism. In a manner of speaking it is the reverse of the common adage with regard to exercise; instead of 'no pain, no gain,' the motto becomes 'no gain, no pain.' The Protestant elevation of labor to the level of divine calling, and John Calvin's relaxation of the theological strictures against interest, were both significant factors in the development of an economic environment conducive to capitalistic practices. Yet neither of these pillars, nor even both together, represent sufficient cause for the powerful economic growth historically realized across Northern Europe and North America. If such a direct cause be found in Calvinistic theology for capitalistic economics, it is to be found in the *worldly asceticism* adopted by Reformed communities in the years following Calvin's tenure in Geneva. This new worldview, in which the totality of one's life is subsumed under the Lord's dominion, was epitomized in the life and teachings of Abraham Kuyper, who famously summarized the believer's responsibility to live all of life as a steward and representative of Jesus Christ: "In the total expanse of human

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[128] Thomas Wilson, *Discourse Upon Usury;* Quoted in Kitch, 134.

life there is not a single square inch of which the Christ, who alone is sovereign, does not declare, 'That is mine!'"

Worldly Asceticism and Economic Practice:

Economic exchange is a worldly activity; just as there will be no "marrying or giving in marriage" in heaven, so also there will be no buying or selling there. Labor, money, interest, credit, investment, are all terms that pertain solely to this world and this life. The challenge for the believer throughout the ages has been to develop a biblical worldview vis-à-vis those areas of life that are intrinsically worldly. Three main approaches have been taken to this conundrum. Roughly in chronological order: the first stance is that of ***isolation***: vows of poverty and monastic retreat. The second is the naturalistic view of Aquinas in which the 'nuts and bolts' of the world are of nature and are to be viewed with ***indifference***.[129] The third common approach is more modern: ***interaction*** with the world in an attempt to significantly change it.[130]

The world and its social and economic structures exist as the providential venue in which the believer and the Church must live. A settled antipathy toward the world and worldly pursuits is evident in the writings of Early and Medieval Church theologians. Prior to the Protestant Reformation the Church had assumed a sacramental role in the life of the parishioner, whereby the periodic and inevitable defilement of the world was to be washed through the holy rites – confession and penance - administered by the priest. Life in the world was theologically and practically divided into the sacred and the secular, with economic activity firmly settled in the latter. Modern evangelicals are by no means immune to this bifurcation of life, often failing to realize any coordination of thought between the world of work and the world of church. But

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[129] Tawney, 16.

[130] In the 19th Century Protestant denominations and organizations actively pursued Child Labor laws and improved housing and education for laborers in Europe and the United States. The 20th Century saw active and even violent attempts by Liberation Theologians and their followers to overthrow oppressive political and economic regimes in Central and South America.

believers within the Reformed tradition lay claim by heritage to a different perspective, one in which the believer's life in the world is the scene and vehicle of his sanctification. Weber called this phenomenon 'worldly asceticism' and 'ascetic Protestantism,' and found within it a social dynamic powerfully conducive to the propagation and success of capitalistic economics.[131]

So comprehensive were the studies and writings of John Calvin with regard to man's relationship to God's creation, it was inevitable that he would influence the development of economic theory and practice for subsequent generations. This is because Calvinism is as much a worldview as it is a theological system, and it is even more of the nature of paradigm than of theology. "The name of Calvin is not linked, like that of Luther, with any great branch of the Christian Church; it is more appropriately associated with a great system of thought."[132] Weber recognized this distinctive of Calvinistic doctrine, and saw its historical impact upon the practice of life both in Calvin's Geneva and, in an even more pronounced manner, the Reformed communities of the French Huguenot, Dutch Reformed, and English Puritans. He notes that the sovereignty of God over all aspects of a man's life "meant a rational planning of the whole of one's life in accordance with God's will."[133] Capitalism would find fertile soil in the 'worldly asceticism' of the 16th and 17th Century Reformed communities in Northern Europe.[134]

In developing this concept of a worldly asceticism, Weber the social philosopher was merely analyzing and studying what had come to be popularly known as the 'Protestant work ethic' – a phenomenon associated with the massive economic progress of the Industrial Revolution. Weber, however, shows quite conclusively that this ethic was not 'Protestant' as much as it was 'Reformed.' Furthermore, far from being merely a *work* ethic, the attitude of

[131] Weber, 153-154.
[132] Henry R. Van Til, *The Calvinistic Concept of Culture* (Grand Rapids: Baker Academic Press, 2001), 49.
[133] Weber, 153.
[134] Kitch, 162.

Reformed communities in Northern Europe (and later New England in America) was a *life* ethic. The recognition by Calvinism of the Lord's dominion over every aspect of the believer's life produced a manifest sobriety, frugality, and industrious diligence in labor that characterized both the homes and workplaces of the heirs of Geneva. The three principial Ds of Proverbs were manifestly illustrated in the behavior of the Puritans. Ostentatious displays of wealth were avoided; simplicity of dress and furnishings was observed, and most forms of non-productive recreation and entertainment were viewed as frivolous and sinful. In short, the whole life of the Reformed believer in Holland, France, England, and New England was characterized by self- and communal discipline. Tawney comments succinctly, "A godly discipline was, indeed, the very ark of the Puritan covenant."[135]

The recovery of man's daily labor to the biblical position of 'calling' coupled with the removal of ecclesiastical strictures against the charging of interest on business and speculative loans, combined to loose the ethical shackles that held European economic development in bondage to feudalism. Yet we have seen that Luther's traditionalism with regard to a man's calling, and Calvin's distaste for interest in all forms, prevented both their contributions from having the direct causal impact on economic growth – especially Capitalistic economic growth – that is evident from the subsequent history of Protestant Europe and the United States. Only the development of the 'worldly asceticism,' operating within the self-conscious religious discipline of the Puritan communities, can reasonably be said to have fostered the 'Spirit of Capitalism.'

The two abstract forces that Weber called 'the Protestant Ethic' and the 'Spirit of Capitalism' converged in a powerful historical form with the formation and growth of the United States of America. Born as a nation concurrently with the advent of the Industrial Revolution, America can trace in her religious heritage very strong lines to John Calvin through the English

[135] Tawney, 213.

Puritan and the Dutch Reformed émigrés to this land. The progress of capitalistic economic theory and Calvinistic theology have left discernible marks upon the social and economic landscape of the U. S. This is the venue within which the modern American evangelical community is called to be Salt and Light, and so it is to this more recent and more local history that we turn in the next chapter.

Chapter 6: Economics and Contemporary American Society

The political and economic life of the United States bears a unique coincidence with the growth of capitalistic market forces in the world at large. It can reasonably be said in this regard, that the United States is not only a country founded in the New World, but has been a 'new world' unto itself. The publication of its birth certificate, the *Declaration of Independence*, came in the same year as the publication of that seminal capitalistic economic treatise, Adam Smith's *The Wealth of Nations.* The coincidence was unintended, of course; the Founding Fathers of the new republic were generally of a very different economic disposition from that of the burgeoning capitalists back in England. Still, the birth, adolescence, and adulthood of the United States parallel both in time and in economic development the maturation of the powerful market economy. John Kenneth Galbraith notes that "Economic ideas began to take their modern form in the late eighteenth and early nineteenth centuries."[136] Thus it happens that a survey of economic developments in the United States corresponds well with a study on the growth of the modern capitalistic market economy; the former being the political and economic proving ground, in time and space, of the latter.

There are several other reasons why the economic history of the United States and that of modern Capitalism dovetail. The first is the lack of the socio-economic baggage that impeded market economic practices from developing in Europe. The United States had no history of feudalism; on the contrary, a strong case can be made that the economic practices of Mercantilism and royal-charter monopolies were tinder for the colonial fires of rebellion. The newborn nation that sprang from that rebellion was in reality an economic nursery where the

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[136] John Kenneth Galbraith, *The Affluent Society* (New York: The New American Library, 1958), 29.

fledgling economic philosophies of Europe – just like the radical social and civil philosophies brewing there – had almost unhindered room to grow. To be sure, there were similarities between the plantation economy of the South and the ancient feudalistic manors of Europe; but it was the observation of de Tocqueville that the astonishing economic development he discovered in the North of this country was largely absent in the Southern states.[137] For the majority of the population of the newborn United States, economic opportunity found, as it were, a blank slate upon which to write the newly developing theories of Smith, Malthus, Ricardo, and Mill. It is no surprise that many of those who would become known as the Robber Barons in the mid- to late nineteenth century were émigrés from England and Scotland. Capitalism was a species of plant that failed to take root in some European soils, struggled in others, but flourished in America. This fact is in large part due to that lack of generations-old European economic practices that had entrenched societal and governmental inertia and opposition to change.

A second characteristic of the young United States that made the growth of Capitalism uniquely possible was the strength both of Protestant Christianity and of the more tolerant principles of the non-conformist segments of that faith. In the American colonies, the social stability of the Episcopalian and Presbyterian Churches drew from their hard-won position in the former mother county. But the independence, and with time tolerance, of the Baptists, Congregationalists, Quakers, Methodists, and others helped to spread the common principles of Protestant Christianity more evenly through American society. Not the least among these principles was the 'worldly asceticism' associated with the Puritans of England and the Pilgrims of New England. There was no residual struggle with Roman Catholicism in the infant United States, and also little tolerance among its citizens for interference in their faith from government,

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[137] Alexis de Tocqueville, *Democracy in America*, Chapter 18, paragraphs 34 – 37. http://xroads.virginia.edu/~HYPER/DETOC/1_ch18.htm (accessed February 2011).

whether State or Federal. If Weber's theoretical connection between Protestant Christianity and the Spirit of Capitalism were ever to find a laboratory fit for testing, it was the social and religious environment of the United States.

A third aspect of the earliest period in United States history that proved conducive to the development of capitalistic economic practices was the almost limitless availability of land and natural resources. Even at the signing of the Treaty of Paris (1783) ending the Revolutionary War, the territorial extent of the new United States was orders of magnitude greater than the small sliver of Eastern Seaboard that was even moderately populated. The addition of the Louisiana Purchase during the Jefferson Administration created a nation far larger than Americans could comprehend, much less quickly develop. That meant that as the market economy of the United States grew, for the next one hundred plus years, land and resources would be available to fuel that growth. When timber was needed, forests were near to hand. When cotton depleted the soils of the Old South, growers moved west through Mississippi and Louisiana and eventually Texas. Steam engines required a reliable fuel; coal was abundant throughout the Northeastern States. Oil was discovered in western Pennsylvania, and again in Ohio and further west discoveries were almost continually made, until for several decades the Permian Basin in West Texas ruled the world in oil production. The Mississippi River and its tributary system provided growing America with inexpensive transportation of raw materials and manufactured goods to and from the ocean. It is hard to conceive of a factor in the economic equation that was not available for the growth of Capitalism in the United States.

This is not to say that Capitalism took form as a fully developed economic system immediately after the cessation of hostilities with Great Britain, or that the brilliant men who forged the new Republic were also astute economic thinkers. They were not, and it did not. And there were intense struggles as we shall see in this survey of America's economic history. It is, however, very reasonable to draw a chronological and developmental parallel between the economic history of the United States of America, and the ascendant growth of Capitalism. It will be the working hypothesis of this chapter to consider that a study of the one is, in many and important points, a study of the other.

Early Conflicts:

The years immediately following the end of the American Revolution bore little indication of the future economic powerhouse the young nation was to become. The central government carried over from the revolutionary years was administratively weakened by the Articles of Confederation that guided and circumscribed it. The former colonies, having become 'united' states, intended to govern their territories, citizens, and economies as autonomous sovereign entities with only the barest and most necessary of associations with fellow states. Yet in the end it was one of the central facets of a capitalist economic system that drove these independent states into a progressively stronger governmental and economic union, though not without an epic struggle of philosophies and personalities. The impetus toward economic centralization was the two-edged sword of Debt and Credit, wielded in the first presidential administration by one of the most capable and driven public officials in American history, Alexander Hamilton. Hamilton's advocacy of centralized control of the new nation's economy through the incorporation of a National Bank was vehemently opposed by Washington's Secretary of State, Thomas Jefferson, and his Attorney General, Edmund Randolph. The controversy was perhaps the most heated in the post-revolutionary period, irreparably divided Washington's Cabinet, and led to the formation of the first opposing political parties in the young United States.

On the surface the political battle was fought over divergent views of the word 'necessary' as it applies to legislative activities constitutionally permitted to Congress. At its root, however, the conflict was between fundamental worldviews, and both sides considered the future of the young republic to depend upon their view prevailing. Jefferson and Randolph, sons of the Virginia plutocracy, were staunch advocates of an agrarian economic system; Jefferson frequently waxed romantic in his praise of the soil. Few people realize today how much the future of America as a world economic and military power hinged on the political conflict between these two titans among the Founding Fathers. "Alexander Hamilton prepared America for an imperial future of wealth and power, mechanized beyond the handicraft stage of his day, and amply provided with credit to that end."[138] So engrained was the feudal and agrarian economy in the minds of the Southern planter class that Hamilton and his financial plan for the young nation were both frequently derided in quasi-satanic terminology. The contrast could not have been starker. "Thomas Jefferson represented the yeomanry and designed for America a future of competence and simplicity, agrarian, and without the enticing subtleties of credit."[139]

The world of the Virginia Randolphs (Jefferson was related to the Randolph family through his mother) was perhaps the closest any American family approached to a feudal aristocracy. Their expansive plantations provided steady income to support a gentrified lifestyle, with the males of the line serving dutifully in the various colonial, and later republican, political offices. Consequently these two powerful members of Washington's first Cabinet shared an Old World disdain for all things associated with the exchange of money. It is fortunate for the future prosperity of the United States that her first President wisely entrusted the Departments of State and Justice to his fellow Virginians, and assigned Treasury to Hamilton.

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[138] Bray Hammond, *Banks and Politics in America from the Revolution to the Civil War* (Princeton: Princeton University Press, 1957), 121.

[139] *Ibid.,* 121.

Hamilton's pedigree was far different from Jefferson and Randolph. An illegitimate son of the West Indies, Hamilton led a hardscrabble life that combined intense ambition with remarkable good fortune, a life that would come to epitomize the American dream. His progress from rags to riches occurred within the imperial British mercantile economy, the world of commerce and trade, a world apart from Monticello and Tuckahoe plantations. When Washington tapped his former aide-de-camp for the Treasury post, he could not have known that the appointment would set in motion a quantum shift in American economic thought, and would lay the foundation for a commercial and industrial powerhouse without equal in the world. What Washington did know, however, was that the newfound republic was extremely vulnerable, and its tenuous financial situation at the close of the Revolution exacerbated the problem.

Washington, himself a pedigreed Virginia planter like Jefferson and Randolph, had gained an invaluable education in world politics through his military service during the French & Indian and Revolutionary Wars. The American colonists may have successfully extricated themselves from British rule, but maintaining that independence in a world dominated by Britain, France, and Spain was not a foregone conclusion. The British dominated the sea, and with it, mercantile trade between North America and Europe. British troops were still garrisoned in the Northwest Territory and Canada. France had significant colonial holdings in the West Indies, and Spain, though not the power she once was, firmly held Florida and Mexico. Any single power, or a combination of powers, threatened to 're-colonize' the newborn American republic. The massive debt burden accumulated by the Continental Congress and by the states during the Revolution, to France, Spain, Russia, and Holland, made the danger even more acute.

Hamilton proved unique among the Founding Fathers for having a modern industrial and commercial economic perspective, one that was informed by Smith's *The Wealth of Nations*.

Ron Chernow, in his masterful biography of the first Treasury Secretary, claims that on economic matters of industry, trade, and banking Hamilton stood as "an American prophet without peer."[140] He writes, "He was the clear-eyed apostle of America's economic future, setting forth a vision that many found enthralling, others unsettling, but that would ultimately prevail. He stood squarely on the modern side of the historical divide that seemed to separate him from the other founders."[141]

Early in the first term of Washington's Administration, Hamilton stunned Congress with his proposals for economic recovery and growth. The architect of America's modern economy set forth his counter-intuitive plan for the Federal Government to assume not only the debt burden inherited from the Continental Congress but also the State debts as well. Tied in with a thoroughly reasoned and powerfully presented plan for an efficient tax collection system, Federal control of customs duties, and a centralized monetary and currency policy for the whole nation, the assumption of all public debt was presented by Hamilton as the only way that the United States could establish an economic foothold on the international scene and, with that, some measure of national security. What was so prescient about Hamilton's plan was the fact that he did not propose the Federal assumption of all public debt for the primary purpose of paying it off, but rather to establish public credit for the young country on the international financial stage. Hamilton understood the principle that would become a central tenet of modern Capitalism: the *servicing* of debt, instead of the *retiring* of debt, as a positive economic good.

Early Monetary Policy:

Alexander Hamilton was not the inventor of the bank. Nor was his proposal of a centralized, national Bank either the first of its kind (he modeled his proposal after the Bank of

[140] Chernow, Ron, *Alexander Hamilton* (New York: The Penguin Press; 2004); 344.
[141] *Ibid.,* 344.

Great Britain) or the first bank in the United States. The innovation that Hamilton introduced to the American economic system was the use of a central, federally-controlled banking institution to orchestrate the monetary policy of the Federal Government and, as a result, to manipulate the national economy through central control of the nation's money supply. We now know this system of monetary economic policy to be the primary function of the Federal Reserve; few today realize that the Fed is but a distant descendant of Hamilton's First Bank of the United States.

The First Bank of the United States was chartered into existence by an act of Congress, signed into law by President Washington over the strenuous objections of his Secretary of State and Attorney General. The Bank was incorporated as a quasi-governmental institution associated with the Department of Treasury and, hence, under the influence and direction of Alexander Hamilton. In addition to consolidating the debt burden of the United States, and thus establishing public credit through the servicing of that debt, Hamilton had several other intentions for the Bank with regard to the American economy at large. One such purpose was the efficient circulation of a truly American coinage and currency, to replace the hodge-podge of foreign coin and domestic banknotes that gummed up the works of American commerce. The framers of the Constitution clearly intended for the medium of exchange in the country to be standardized, and for the Federal Government to control its valuation (Article 1; Section 8). Hamilton wanted the central government to have control as well over its circulation. Establishing a central banking system to facilitate the circulation of coinage and currency into and out of the economy was a means of streamlining commerce; but it was also a means to a larger end.

It is arguable that the primary intent of the first Treasury Secretary in initiating the first National Bank was one that he never clearly articulated publicly: ultimate Federal control over the American economy's money supply. Hamilton grasped the principle of money supply outlined by Adam Smith in his seminal work. Indeed, his blueprint for the First Bank of the United States was largely modeled off the Bank of England, chartered in 1694. The underlying principle behind central banks in the 18^{th} Century was the need to overcome the constraint placed upon a national economy by the use of specie as legal tender. In order to provide credibility and stability to their commerce, especially the international segment thereof, most countries well into the 20^{th} Century stipulated that gold and silver represented the only legal tender for payment of debts and other obligations, including government obligations such as taxes, duties, and tariffs. The exchange of gold and silver coin was feasible in the matter of small transactions, but large transfers of money became very cumbersome, and also exposed the merchants to the danger of theft and embezzlement. Hence the development of the bank, a depository of one's gold and silver reserves and a supplier of 'representative' money in the form of banknotes. Theoretically, however, the total value of banknotes circulating with a nation's economy at any given time was circumscribed by the value of the gold and silver reserves on deposit.

Smith was the first to articulate the economic worth of expanding an economy's money supply by extending bank loans on credit in excess of the deposit of specie – gold and silver reserves - at any given bank and at any given time. The practice of issuing a greater amount of currency value than reserves on hand to back it is based on the expectation that depositors will not all demand their money at the same time. By this method of utilizing 'banknotes,' not only is more 'money' pumped into economic transactions such as home purchases, business expansions, wages, and the like, the banks are also able to profit on the differential between the interest paid on deposits and that charged on loans. This monetary structure lies at the heart of Capitalistic economics, enabling the amount of money that is fueling the economic market exchanges to expand without having to concurrently expand the reserves of gold and silver.

The expansion of money supply through bank credit and consumer/commercial debt does not, in principle, require the existence of a central bank such as the Bank of the United States or the Bank of England. Local banks operate under the same principle, and individual bank issuance of banknotes was commonplace in the United States up to and slightly beyond the Civil War. Justification for a central banking system, however, arises from the inherent volatility of the proliferation of banknotes that occurs when many local, State-chartered banks are permitted to issue notes against their own reserves and demand deposits. It becomes virtually impossible for merchants and consumers to determine the true worth of every banknote, as it is impossible to know the ratios of each and every bank's circulation of banknotes relative to reserves. Runs on individual banks quickly destroy the value of that bank's notes, and create a domino effect among other banks in the same region. A central banking system, in close coordination with the government's Treasury Department, was believed by Hamilton and others to be a safeguard against violent fluctuations in the money supply and, consequently, in the value of money itself. Opponents of the Bank only saw a federal power grab, and the loss of state sovereignty over local economies.

Hamilton won the first round, and the Bank of the United States was granted a twenty year charter by Congress, signed into law by President Washington, on February 25, 1791. But the life of the national bank was to be both tenuous and tumultuous, as its opponents continued to assail the institution from the administration of Thomas Jefferson (1801-09) until the final defeat of the Second Bank of the United States under an onslaught by President Jackson (1829-37).

However, during its brief and interrupted life the national bank was successful in reducing America's debt burden, servicing the remaining debt, and improving the young republic's credit standing with the powerful nations of Europe. It is ironic that the president who allowed the charter of the First Bank to expire, James Madison - and upon the same principles of opposition that were espoused by Thomas Jefferson – was the same president who five years later signed the charter for the Second Bank. The war with Great Britain that intervened during the years between the two national banks highlighted the inefficiency and impotency of the federal government to raise money, without some form of central control over the monetary policy of the nation. Madison's conversion, however, was not imitated by the other heirs of Jefferson's legacy, the most influential of whom was Andrew Jackson.

It may reasonably be said that Jackson had three great enemies in his lifetime: the British at the Battle of New Orleans, the Spanish in Florida during the Seminole War, and the Second Bank of the United States under the leadership of Nicholas Biddle. Jackson vetoed the legislation to extend the charter of the Second Bank, and central banking passed from the scene of the American economy until the establishment of the Federal Reserve System in 1913. Hamilton's experiment in controlled Capitalism was to give way to *laissez faire* Capitalism, industrialism, and 'free banking.' To continue the analogy between the growth of the United States and the growth of modern Capitalism, one might say that America's economic adolescence had begun.

Incorporation of the American Economy:[142]

The struggle over federally- versus state-charted banks raged furiously during the first fifty years of the new republic's life, but it was waged primarily among the political elite – the

[142] Much of this section on incorporation has been gleaned from Alan Trachtenberg's *The Incorporation of America: Culture & Society in the Gilded Age* (New York: Hill & Wang, 1982).

Founding Fathers and their immediate successors. Rank and file Americans were too busy trying to make a living off the land to notice. Adam Smith's treatise was not a bestseller in the young country, and terms such as 'division of labor' and 'capital' and 'credit' were little known among a population that was predominantly agrarian, with small-order artisans and a few local and regional merchants. Market exchange still frequently involved barter, and the circulation of coinage of any kind was by no means universal. During the first half century of the United States, there was little to indicate that the nation would become an economic powerhouse and patron nation of market Capitalism.

The predominant commodity in America, especially after 1803, was land. The vast extent of the United States and territories added during the first half of the 19^{th} Century threatened to overwhelm the relatively small population, the majority of which still lived within 200 miles of the Atlantic Ocean. But the young and adventurous population, facing an almost limitless expanse of land to exploit, needed only the introduction of efficient means – provided by the ingenuity, inventiveness, and technological advancements of the Industrial Revolution. In one sense, the failure of the Hamiltonian dream to centralize economic policy resulted in a free-wheeling atmosphere which, coupled with the technological advancements of the Industrial Revolution, made the United States in the latter half of the 19^{th} Century the ideal proving ground for Capitalistic economic theory and practice. In another sense, the urbanization and incorporation that characterized this period forever altered the demographic landscape of America into a form inconceivable to the Founding Fathers. Bray Hammond, in his much-referenced tome *Banks and Politics in America*, writes, "the country as a whole was changing the disciplined and restricted economy of the 18^{th} century into the dynamic, complex, *laissez faire* economy of the 19th century."[143] This quantum change would bring opportunity and wealth to many, and squalid working conditions, mill homes and slums, and wage stagnation to many more. American society would divide into Management and Labor, and the latter would further divide into Union and Non-Union. Productivity and Efficiency would become the twin pillars of the temple of American industrialism. But during America's adolescent stage, Opportunity reigned supreme.

It is beyond the scope of this study to recount the inventions, both American and foreign, that fueled the Industrial Revolution in this country. The names of Eli Whitney, Robert Fulton, Alexander Graham Bell, Elias Howe, and Thomas Edison are sufficient to form in the mind the vast scope of technological invention and innovation that characterized the economic growth of the United States through the 19th Century. It is impossible to deny that the inventions credited to these men, and hundreds if not thousands of others, improved the quality of life of Americans and laid the foundations for the prosperity, comfort, and longevity of our modern society. Their immediate impact upon the economic theory and practice of the United States, however, is less direct. Modern American Capitalism was built *with* technological invention and innovation in a manner analogous to a house being built with hammers and saws. The framework of the structure, however, consists of other more abstract concepts. One of these is the monetary arrangements of the American economy, a subject already touched upon vis-à-vis the Hamiltonian banking structure and to which this chapter's analysis will return.

Another critical element in the formation and growth of a particularly *American* form of Capitalism is the concept and practice of 'incorporation.' The general laxity of governmental oversight and regulation in the United States provided an atmosphere in which corporations proliferated and profited far beyond their colonial predecessors. To gauge the impact of

[143] Hammond, 156.

incorporation on the growth of American Capitalism, one need only consider that according to data as recent as 2007, 95 of the 150 largest economic entities in the world were corporations, with the remaining 55 being countries. Wal-Mart, the largest corporation in the world, has an annual revenue that is exceeded by the Gross Domestic Product (GDP) of only twenty-one nations.[144]

Incorporation, in a general sense, "refers to any association of individuals bound together into a *corpus*, a body sharing a common purpose in a common name."[145] Specifically, in the economic sense, the act of incorporation is the legal establishment of an impersonal person, an 'individual' that is comprised of many people. For the purposes of taxation, regulation, financing, and liability the corporation stands before society and government as a single entity while its officers and employees are to a large extent shielded from view. Restrictions, for example, that apply to individuals with regard to holding active citizenship in more than one nation can be circumvented entirely by the corporation, a process that has given rise to the multinational corporate giants of today.

The reasons for incorporation have always been primarily to ease the burden of government regulation and taxation, and to streamline manufacturing efficiency and productivity. Historically, this system of incorporation has enabled start-up companies to grow into massive corporate giants with unprecedented control over an industry's raw materials, production facilities, and delivery network. Rockefeller's Standard Oil and Carnegie's United States Steel are famous examples of the type of corporation that came to dominate every field of business – petroleum, railroad, chemicals, banking, and so on – by the turn of the 20th Century.

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144 Sarah Anderson and John Cavanagh, "Of the world's 100 largest economic entities, 51 are now corporations and 49 are countries," The Wall Street Survivor June 26, 2010, http://www.wallstreetsurvivor.com/CS/forums/t/40738.aspx (accessed February 2011).

145 Trachtenberg, 5.

However, the names given to the age during which these corporations reigned supreme highlight the growing divergence and disagreement within American society. To those who look upon that time favorably it is remembered as the Gilded Age; to others, however, it is the Era of the Robber Barons.

It is hard to overstate the contribution of the concept and practice of incorporation to the overall success of the economy of the United States from the latter half of the 19th Century to the present day. Hand-in-hand with the development of new technologies, the corporate business structure raised productivity and efficiency to an art form, if not an idol. Trachtenberg speaks of the post-Civil War years as being radically different, from an economic perspective, to the antebellum youth of the country, maintaining that the cause of America's post-war prosperity cannot be attributed to invention alone. "But new economic conditions in fact marked a radical discontinuity with the past difficult for many Americans to grasp. The new breed of business leaders were often skilled in finance, in market manipulation, in corporate organization: entrepreneurial skills on a scale unimaginable to most manufacturers before the war. Moreover, they conducted their daily business through a growing system of managers, accountants, supervisors, lawyers: a burgeoning structure of business offices increasingly removed from the machines and labor of the factory itself."[146] The second half of the 19th Century saw the beginning of the now-familiar megacorporation.

The powerful combination of Invention and Incorporation fueled America's advancement into the ranks of the world's economic leaders, and ultimately into the lead. The economic development of the United States from 1870 to 1970 mirrored a similar growth in all Western capitalistic economies. To continue the metaphor of human development, this period of time represents the 'manhood' of Capitalism and furnishes the irrefutable evidence of Capitalism's

[146] Trachtenberg, 54.

superiority over all rivals in the generation of national and individual wealth. The chasm between the wealthy Western Democracies on the one hand, and the Third World nations of the Southern and Eastern hemispheres on the other, has become so pronounced as to be obscene. The United States and the economies of the Eurozone combined generate 53% of the world's Gross Domestic Product. This share jumps to 61.7% if the economic data for Japan is included with that of the Western Democracies. In contrast, China – by far the largest of the statist economies - contributes only 8.5% to the combined GDP of the world.[147] However, the recent history of cash and materiel infusions from wealthy to poor nations has proven that simply giving away Western wealth to statist or socialistic nations generates no long term growth in those nations.

From the standpoint of the Creation Mandate discussed earlier, it would appear that the market Capitalism have proven its worth in 'taking dominion' over the earth. Improvements in the quality and length of life in Western Democracies, and greater political freedom and economic opportunity are benefits of this phenomenon that Christians can applaud. But all is not unalloyed blessing. There have been numerous reputable studies within the last half century showing that the level of economic inequality has been growing not only between the Western capitalistic democracies and the Third World, but also among the socio-economic levels within the capitalistic economies themselves.[148] There is also evidence that the potential for economic advancement, on an individual as well as a national basis, is stagnating. A recent article in the

[147] International Monetary Fund, *World Economic Outlook Database* April 2010, http://www.imf.org/external/pubs/ft/weo/2010/02/weodata/index.aspx (accessed January 2011).
[148] John E. Stapleford, *Bulls, Bears & Golden Calves: Applying Christian Ethics in Economics* (Downers Grove: InterVarsity Press, 2002), 53.

Business Insider magazine claims irrefutable evidence that the middle class in the United States is shrinking almost beyond recognition or recovery.[149]

For generations the conventional wisdom has been that additional education will unlock economic doors and furnish socio-economic advancement. While this is still relatively true – a person with a high school diploma will earn more over the course of his working career than a drop-out, etc. – it is no longer absolutely true. The reduction in the absolute size of the professional labor pool, a phenomenon largely brought on by the same technology that has fueled economic prosperity, has resulted in a growing segment of over-educated and under-employed workers in the American economy. Frankly, the exorbitant and ever-rising cost of a college education is no longer invariably offset by a consequent increase in earnings potential.

These are but a few of the many aspects of mature Capitalism that generate concern among economists and sociologists who note that, historically, economic frustration has been a major source of civil unrest. A question more pertinent to this study is whether the professing Church has a voice in the debate. To be sure, the elimination of world poverty does not constitute the Great Commission of Matthew 28. Nor indeed is it the mandate of the Christian Gospel that equal economic opportunity be realized by all. Yet "the poor you will have with you always" must be recognized as a statement of fact and not an excuse for ignorance or inactivity. Poverty and economic frustration, being as they are consequences of the Fall, cannot be viewed with approbation or complacency by any believer.

America's growth as a market-based Capitalistic economic power was by no means a smooth upward trajectory of prosperity. The period from the end of the Civil War to the present has been punctuated by economic downturns – recessions and depressions – that have challenged

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[149] Michael Norton and Dan Ariely, "Building a Better America – One Wealth Quintile at a Time," *Perspectives in Psychological Science*, Vol. 6 (January 2011), 9-12.
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the usually optimistic American spirit with regard to progress. A stock market crash in 1873 precipitated two decades of retraction and sluggish growth, persistently high unemployment, and growing discord between management and labor. To this was added a new element: the new labor market of recent immigrants became scapegoats for high unemployment, a phenomenon that was to be repeated many times subsequently and is a significant political issue today. The antagonisms caused by the economic downturn flashed into violence several times during the 1870s and 80s, with labor strikes brutally suppressed by management forces in cooperation with government troops, and bloody riots targeting immigrant groups in the country's largest cities.[150]

These periodic reversals in the otherwise upward movement of prosperity were given a new name: business cycles. The term has become commonplace in today's economic jargon, but it is not so benign as it is made to appear in popular print. The phrase possesses an ominous character and derives from a morbid history. The foreboding aspect of the phrase is contained in the word 'cycle.' In other words, it represents an admittedly repetitious condition of the market economic system. Cycles are, by definition, chronic; and the 'business cycle' terminology has become a catch-all phrase to describe chronic economic downturns, without providing a corresponding explanation. The term describes what is happening when an economy declines in output, but it does not explain why this is happening, or what forces have combined to initiate the decline. Indeed, the only power contained in the phrase 'business cycle' stems from the optimistic hope that it will once again resume an upward trajectory.

But in the history of America's economic development there have been several 'cycles' that were troublingly persistent, deep rooted, and unnerving. The depression of the 1870s and 80s, for one; and the Great Depression for another. The economic recession that began in the fourth quarter of 2007 has many of the markings of a more severe downturn similar to those of

[150] Trachtenberg, 39.

the late 1800s, and the Great Depression of the 1930s. All three were triggered by speculative practices in certain industries such as housing and commodities, each involved a dramatic decline in the value of stocks, and an economic boom fueled by over-extended credit was a consistent precursor. The nation's reaction to each, however, uniquely transformed the landscape of American Capitalism in each era in ways that cannot be undone and which altered the economy of the future. The effects of the current economic downturn are yet to be seen.

The crisis of the 1870s and 80s came at a time when American Industrialism was flexing its muscles, leading the United States to what would become a dominant position economically relative to the other industrialized nations of the world. Government at that time maintained a strict *laissez faire* attitude toward the market, an attitude that would prevail in large measure well into the early years of the Great Depression.[151] Hence the governmental response to the events and struggles of the 1870s and 80s was almost exclusively on the side of corporate management. Domestic industry was protected through high tariffs, and labor disputes and strikes were met with a firm hand, and often by the army. The growing corporations of that period that were able to weather the international economic downturn came out even stronger and more dominant, some even able to monopolize their industry entirely.

The concept of governmental intervention in the economy, advocated so effectively by Hamilton a hundred years before, was largely dormant in the closing decades of the 19th Century. Through the turn of the 20th Century, however, political 'progressivism' was gaining popularity, and the thought that government should take a more active, even proactive, role in the social interactions of American life was becoming ascendant. The administrations of such diverse personalities as Theodore Roosevelt and Woodrow Wilson were united on the principle of an

[151] *Laissez faire* is a French phrase meaning 'let them do,' and signifies a hands-off attitude on the part of a government with regard to the practices of industry.

increased involvement of the Federal Government in the day-to-day life of American society. Industry and banking leaders, of course, resisted all governmental intrusions into the 'free' market economy. The relative prosperity of the 1920s under Republican administrations (Harding, Coolidge, Hoover) seemed to justify this opposition. But when the Stock Market crashed in October 1929, taking the entire U. S. economy into a tailspin that would become the Great Depression, the fledgling political and economic concept of progressivism was ready to step onto the stage.

The American public was dissatisfied with the apparent lack of proactive government intervention under Hoover, and turned to Franklin D. Roosevelt and the New Deal. Interventionism came of age under FDR, and fundamentally altered the nature of American market Capitalism.[152] Economic theory and practice shifted from the Classical school of Adam Smith to the Interventionist school of John Maynard Keynes, and the Keynesian influence has remained strong ever since. The latter half of the 20th Century witnessed a paradigm shift in the United States whereby the American public went from trusting economic market forces to generate *universal opportunity*, to trusting the Federal Government to provide *universal security*. The government's response to the latest economic downturn proves beyond question that interventionism is the dominant economic force, relied upon to immediately counter negative market forces and to re-establish growth. It remains to be seen if the American public's hope in the government's ability to restore economic prosperity is misplaced; but a healthy dose of skepticism is at least historically justified.

The government's response to the current economic crisis reveals systemic changes in American Capitalism, changes that began slowly at the beginning of the 20th Century and have

[152] Ronald Nash, *Poverty and Wealth: The Christian Debate Over Capitalism* (Westchester, IL: Crossway Books, 1986), 141.

come to powerful fruition at the start of the 21st. The atmosphere of the 19th Century, in which government involvement in the economy was generally feared and abhorred, will probably never be seen again. The economy of the present and future sees the government as recourse of first resort, a startling change from *laissez faire* to *interventionism*. Will the Church have a voice in the evolving economic milieu? Will it have anything worth saying? If she is to take her duty as Salt and Light seriously, the answer to both questions must be in the affirmative.

From Federal Reserve to TARP:

This quantum change in the very nature of American Capitalism, occurring over the span of the 20th Century, might be viewed analogously as the maturing stage both of the United States and of her economy. It was during the last century, sometimes called 'America's Century,' that this country came into its own as a political, military, and economic world power. A summary of this maturing process from an economic perspective might well be broken down into three milestone events: the passage of the Federal Reserve Act in 1913, the removal of the U. S. monetary system from the gold standard in 1971, and the Troubled Asset Relief Program passed by Congress in October 2008. There are, of course, a multitude of economic events during a century that could be analyzed to determine the overall trend of development, but these three should suffice to illustrate the movement of the American economy from a relatively-pure *market* economy to one in which the market itself is purposefully manipulated by government fiscal and monetary policy. Add to this increasingly activist legislation with regard to labor, safety, environmental and other issues, and one can readily see that the business picture for American employers and employees has shifted dramatically from the days when Andrew Carnegie arrived as a penniless immigrant from Scotland. To be sure, there will always be the 'rags to riches' stories for which the United States is uniquely famous, but one can hardly doubt that they will be fewer and farther between as the new century unfolds.

The events leading up to passage of the Federal Reserve Act are the stuff of mystery novels, including a clandestine meeting on Georgia's Jekyll Island involving a powerful Senator, an equally powerful bank president, an Assistant Secretary of the U. S. Treasury, and other leading financial operatives from Wall Street. The economy of the United States had weathered the depression of the 1870s and 80s (which at the turn of the 20th Century constituted the 'Great' Depression, until another one came in the 1930s). But the financial picture was not rosy, and a great deal instability remained within the American banking system. There was a large percentage of 'reserve overlap' between smaller banks throughout the country and the banking giants of New York, whereby the deposits made by the smaller into the larger were still booked as available reserves by both. This was a recipe for disaster, and disaster almost occurred again with devastating force in 1907. The now-established pattern was repeated: a rapid decline in stock values, resulting in many banks 'calling' stock loans, with the inevitable effect of a run on demand deposits and eventually bank failures. Interestingly, two very diverse events contributed to the Panic of 1907, events that were as unpredictable in their occurrence as in their effect. The San Francisco Fire of 1906, clearly a bad thing, resulted in massive losses for insurance companies that were major players in the financial markets of the United States; while the record corn harvest in the Midwest, in itself a good thing, placed an unbearable strain on the railroad shipping capacity of the country. The impact of these two seemingly unrelated events proved the fragility of the American financial system, and the resultant crisis of 1907 served as another illustration of how a disturbance in one segment of the economy can have damaging effects throughout the whole. The powerful men who met on Jekyll Island in 1910 did so with the express purpose of writing federal legislation that would enforce uniformity and stability on the American economy, and end the cyclical downturns that had afflicted it for years. The result was the Federal Reserve System, and much of the economic history of the 20th Century is a commentary on its success or failure.

The primary economic issue thought to be at the heart of the financial panics and crises was monetary elasticity: the ability of the nation's money supply to expand or contract quickly as economic conditions changed. The preamble of the Federal Reserve Act stipulates the need for an elastic currency "because a system was needed in order to allow for the money supply to expand as business activity grew seasonably or cyclically and to contract as the need for currency diminished, thus avoiding periodic crises where the public wanted to withdraw more currency than the banking system could provide."[153] This is a euphemistic statement to the fact that the public's money is not 'in' the banks where most people thought it would be, but rather loaned several times over, rendering the banks incapable of answering a large demand on deposits. The Federal Reserve System was to be the backup supply of currency for insolvent banks.

The establishment of the Federal Reserve was a return to Hamiltonianism with a vengeance. During the heated debate within the First Administration, the main issue was the power that a central banking system would accrue to the Federal Government at the expense of the states. The Federal Reserve System, however, was to be *independent* of the Federal Government, an entity charged with the monetary policy of the country operating independently not only of State governments, but of Congress and the Executive Branch as well. It was believed at the inception of the system that this independence would remove political influence as a manipulative device, and would create an objective arbiter over the economic welfare of the country – a system of bank oversight and regulation controlled by, bankers.

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[153] de Saint Phalle, 54.

The constitutionality of a central bank was decided in 1819, when the high court ruled in *McCulloch vs. Maryland* that Congress had the constitutional authority to establish the Second Bank of the United States. The independency of the Federal Reserve, however, an aspect of the current central bank quite different from its predecessors, has never been analyzed against the Constitution. Nor was the full potential of that independency really exercised until the Chairmanship of Paul Volcker, appointed by President Carter in 1979. During Volcker's administration, and that of his successor Alan Greenspan, the Federal Reserve came into its own as the supreme power over the American economy – a power that was lauded when the economy boomed, and castigated when it more recently tanked.

Even thought the original language of the Federal Reserve Act granted them incredible manipulative powers over the American economy, the chairmen of the Federal Reserve through the first sixty-five years of its life were generally non-descript, conservative political appointees who recoiled from taking the prominent economic and monetary role that the Act accorded them. Volcker and Greenspan were different, but perhaps even their impact on the economy was itself influenced by the decision of President Nixon in 1971 to fully and finally sever the tie between the nation's money supply and its gold reserve.

Gold has been the universally recognized specie of value since the earliest recorded history of human trade and exchange. From the time of the Renaissance to the advent of World War I, international payments were required in gold.[154] During this great expanse of human history, money substitutes such as paper currency, banknotes, and certificates were only accepted and valued to the extent that they were convertible to gold. The world economy, therefore, rested upon an unofficial 'gold standard' for millennia, a standard that was made official in England under its most famous Director of the Mint, Sir Isaac Newton. The United States

[154] Thibaut de Saint Phalle, *Trade, Inflation, and the Dollar* (New York: Oxford University Press, 1981), 103.

Constitution prohibits the States from accepting anything other than gold or silver specie as legal tender, a policy that became both official and specific to gold by the Gold Standard Act of 1900. The concept of a nation's money supply being linked directly to its gold reserves has not been followed assiduously; in times of war, for instance, the belligerent nations often have found it necessary to suspend the gold standard. But in 1971 the United States was not involved in a major war, and President Nixon's decision to abandon the gold standard was not motivated by either domestic economic or international military circumstances. The issue was the balance of trade between the United States and it major trading partners.

In 1944, when ultimate victory by the Allies seemed to be imminent, leaders of the Western Democracies met at the Bretton Woods resort in New Hampshire to formulate an economic plan for the economic rebuilding of Europe and Asia. The International Monetary Fund (IMF) and the World Bank were both born of this conference. But the primary consequence of the conference for the current study is the stipulation that all currencies of the signatory nations be based upon gold, and convertible to gold upon demand.[155] The expectation of the conferees was that only a firm gold standard could restore stability to those economies devastated by the world war. The United States, relatively untouched by the war and then in possession of the world's most powerful economy, took the lead. If the Federal Reserve Act was government interventionism on a national scale, the Bretton Woods pact was interventionism on an *international* scale.

In the two decades following Bretton Woods, the Western Democracies not only recovered from the devastation of the war, but grew more economically powerful than before the conflict. The organization of the European Common Market, now the European Union, united the economies of Europe into a market competitive with the United States, something individual

[155] *Ibid.,* 106.

European countries were unable to do alone. The result of these developments was an increasingly negative balance of payment ledger for the United States, and a consequent depletion of the U. S. gold reserves. The negative balance of payment situation stemmed from the need of the U. S. Treasury to finance both the ongoing war in Vietnam and a federal bailout of several major American corporations by selling Treasury securities to foreign buyers. When these securities came due in the early 1970s, the U. S. gold reserve was not sufficient to cover the debt at the current valuation, and a higher valuation would simply have delayed an even more severe crisis in the future. President Nixon took a politically expeditious course: he abandoned Bretton Woods entirely and set the American money supply adrift, floating on the ever-changing policies of the Federal Reserve Board.

Economists differ as to whether the United States should return to the gold standard, and even those who support such a move are divided as to how this would be accomplished now that the U. S. Money Supply has expanded dramatically since Nixon's drastic step in 1971.[156] The issue of this study is not to determine if such a return is warranted, but rather to trace the increasing element of interventionism into American Capitalism, and to attempt to determine the impact of that phenomenon upon the current and future American economy. It is undeniable that the abandonment of gold as the value-threshold for the Money Supply has contributed both to the rapid increase of that supply, and to the increasing influence and power of the independent Federal Reserve System. It is not too much to say that the only entity in the country, if not the world, that has the power and resources to respond to major economic crises quickly and definitively, is the Federal Reserve. This reality also makes the unelected governors of the Federal Reserve Board, and especially the Chairman (currently Ben Bernanke), among the most powerful men and women in the world. But at what cost to the future stability of the American

[156] The M1-M3 components of the Money Supply have grown by a factor of twenty from 1970 to 2005.

economy? At what cost to the economic system of Capitalism? A survey of the most recent economic crisis, becoming known as the "Great Recession," may give some insight into answers to these questions.

Tracing the economic history of the 20th Century, an impartial observer must conclude that the Federal Reserve System failed as to its primary goal of stabilizing the nation's economy and ending the business cycle. Even in peacetime the country has experienced economic growth and decline in a manner not unlike the prior century. Inflation, unemployment, and interest rates have all been added to the mix, making the whole economic picture more, and not less, complicated. Yet the 1913 legislation did succeed in making the Federal Government a major and proactive player in the U. S. economy, and the events of the Autumn of 2008 confirm just how major a player the government now is.

It is beyond the scope of this study to recount the events that led up to the financial crisis that continues to grip the nation. Richard Posner has written an excellent layman's summary of the circumstances in his provocatively titled book, *A Failure of Capitalism: The Crisis of '08 and the Descent into Depression*. Posner also provides a useful discussion of the steps the Federal Government took in an attempt to forestall the recession or, failing that, to 'soften' the economy's landing. The government reacted remarkably quickly to the events of Autumn, 2008 with massive infusions of cash into the troubled financial industries. The beneficiaries of the government largesse represented various industries, including insurance, finance, and automotive. The amounts of money involved were in quantities that would have been incomprehensible to the conferees at Bretton Woods in 1944, or the secretive collaborators on Jekyll Island in 1910. Indeed, they are incomprehensible even today. The result of the various interventions taken by the government over the past two years has been to raise the National

Debt, measured as a percentage of GDP, from roughly 65% in 2007 to over 90% in 2010. And it is still rising, approaching levels previously only seen during wartime.

The centerpiece of the recent interventionist policies is the Troubled Assets Relief Program, or TARP. Under this $700 billion legislation, the U. S. Treasury purchased massive quantities of ‘troubled’ bank loans, euphemistically called ‘assets’ even though their market value was indeterminate and by universal consensus very low. In reality they were liabilities, and the government agreed to take them off the hands of banks and other major lending institutions in an effort to rectify the banks’ ledger sheets, infuse much-needed capital back into the banks, and restore the lending process again. In addition to TARP, Congress also authorized an $800 billion program whereby the Federal Reserve would purchase private debt, with the hope that such debt relief would stimulate consumer spending (and further borrowing) and thus jump-start the economy. Add to these measures the massive federal loans given to General Motors and Chrysler, and the total debt burden taken on by the Federal Government within a space of three months (from October to December 2008), approached $2 trillion.

An analysis of the federal bailout efforts of 2008-09 is probably impossible before the passage of years. To date some of the banks that received TARP money have paid it back to the Treasury Department, and General Motors very publically announced the early repayment, with interest, of its loan. Yet the economy has not recovered, and there is growing talk of a ‘double dip’ recession. Banks that received federal assistance, and banks in which the Federal Government purchased a large percentage of preferred stock, have not opened the floodgates of loans but rather have applied the infused cash toward a reserve cushion. As Posner wryly observes, “You can lead a bank to money, but you cannot make it lend.”[157]

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[157] Posner, Richard A., *A Failure of Capitalism: The Crisis of 2008 and the Descent into Depression* (Cambridge, MA: Harvard University Press; 2009, 211.

The events described in these last pages record a century of increasing government interventionism at the expense of market Capitalism. The future is, of course, unknown; but the landscape has altered drastically and there is little chance that the Federal Government, and primarily the Federal Reserve, will decrease in influence. Indeed, many economists and scholars, such as Posner, advocate *more* government intervention rather than less, a remarkable stance considering the sheer magnitude of the latest expenditures. Posner believes that Capitalism will survive for the simple reason that no alternative exists that has not been thoroughly discredited.[158] But when the U. S. economy does recover, will it bear any resemblance to that which has gone before? Is 'interventionist' Capitalism truly Capitalism? Or might it be a euphemism for incipient fascism? Can the 'Spirit of Capitalism' survive in an atmosphere in which the government has become the party of first resort when things get tough? What role can the market play when the Federal Reserve has been charged and authorized to control the money supply, limit inflation, and stimulate employment, effectively tying Adam Smith's 'Invisible Hand' behind the economy's back?

The answers to these questions will become apparent as the years unfold, and will impact every economic unit – every consumer, employer, and worker – in the country. This is the economic context of being Salt and Light in the 21st Century. While the Church is not called upon to direct or develop economic policy for the world in which she lives, she is responsible to guide her members, and point the way to those outside, by being a witness in the world of God's word and wisdom. This means that Economics must again become an issue of ethical consideration for the leaders of the modern church, and pastors must be increasingly prepared to offer sound, biblical guidance to their flocks. It may be that the Church's preparation for and

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[158] *Ibid.*, 234.

response to the changing economic climate will prove to be the most fertile field of evangelism in the coming years. Or it may turn out to be an opportunity missed.

Chapter 7: Capitalism & the Community of Believers

The current economic crisis, and the slowness of recovery, affects the believer in no less degree than the unbeliever. Unemployment is no respecter of faith, nor is the Dow Jones Industrial Average or the value of one's 401K portfolio. The anxiety that attends economic recession and depression can be just as acute, as well, though the believer has the immeasurable comfort of One on whom he can lay his cares. Yet the biblical promise for provision does not preclude economic hardship being experienced by the believer, nor does it relieve the intense temptation to worry. Furthermore, there is no reasonable escape from the sometimes tumultuous variations in the economy, since economic activity is as integral to the believer's life as it is to the unbeliever. Every day brings the earning of wages, the buying of commodities, the planning of future activity, or the analysis of past. It is truly remarkable the extent to which 'economic Man' operates in almost total ignorance relative to this most important facet of his social life.

What, then, is the Christian to do? More central to this particular study is the question of what the Church – evangelical Christianity specifically – is to do in the midst of the current economic crisis. This question itself is a microcosm of a timeless quandary: what is the relationship of the believing community to the surrounding culture? H. Richard Niebuhr's *Christ & Culture* is a landmark work on the subject that has formed the platform of debate for the past half century since its publication. In this work Niebuhr outlined three basic positions taken by the Church and by Christians throughout the ages with respect to the culture in which they were living. Niebuhr develops these three far more elaborately than is possible to review in this study, but in general the position taken by the Christian community toward its culture can be characterized either as *antagonism*, *assimilation*, or *activism*. The antagonistic perspective summarizes Niebuhr's category of "Christ Against Culture" and is illustrated in the monastic, ascetic, and isolationist strains throughout Church history. The antagonism of Tertullian against Greco-Roman philosophy, the hermit Antony and the monks of Cluny, as well as the Bruderhof of the Hutterites are all historical examples of the antagonistic stance of the faith with respect to the world.

Assimilation characterizes Niebuhr's second cultural paradigm, "The Christ of Culture" and is the general trend of state churches in Europe and mainline denominational churches in the United States that have essentially rejected the inerrancy of the Scriptures and the uniqueness of Christ for salvation. This view tends to see the man Jesus as the Savior of society, and seeks moral and social reclamation rather than evangelical conversion.

The activist viewpoint summarizes the final three of Niebuhr's five paradigms, each of which is characterized by a consciously active movement of the church with respect to culture and cultural norms. D. A. Carson describes the three ways that the church engages the world as 1) synthesis, 2) dualist, and 3) transformationist.[159] The common denominator of the three views is the belief that Christ is above Culture and has commissioned and empowered the church to change the culture in which He has placed it. This point of view describes otherwise divergent church 'models' such as the 'seeker sensitive' movement (a *synthesis* form of activism) and the Moral Majority (a *transformationist* form of activism). Niebuhr's classic work and Carson's excellent critique, *Christ & Culture Revisited*, are recommended for a more detailed analysis of this cultural phenomenon.

It is not the purpose of this study to analyze the merit or demerit of each of the perspectives outlined by Niebuhr; in any event it would be rather late in the study to attempt such a thing here. Niebuhr's work is merely referenced as descriptive of much of modern Christian

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[159] Carson, D. A., *Christ & Culture Revisited* (Grand Rapids: William B. Eerdmans; 2008), 20n.

thought concerning culture in much the same manner as Max Weber's treatise has guided economic discussion from a Christian perspective for the past century. It is possible, however, that Niebuhr's categories are historically accurate and biblically incorrect. It would not be the first time that 'what has been' is mistaken for 'what should be.' With respect to the Church's relationship with culture in the realm of economics, the three poles of Creation, Covenant, and Community establish a completely different paradigm than those delineated by Niebuhr.

From the standpoint of Scripture, there is no mandate placed upon the people of God either to defend or to alter any particular system or social structure encountered in the world. The Church's role within a host culture is not transformational in that sense, although it ought to be so in another. Applied to economic theory and practice, this means that the Church is not obligated to support any specific model, actively oppose one, or develop a new one. The apostle Paul refers to these things as 'the form of the world' and informs his readers that it is 'passing away' (I Cor. 7:31). The most cursory review of history proves that while these forms are passing away, they are also passing from one form into another; no system of political order, social structure, or economic activity has remained constant through time. When the covenant people of God attempt to assimilate, or to attack, or to replace such forms they are shooting at a moving target. Often as a result the Church finds itself interacting with a worldly system or philosophy from which the world itself has moved on. God has given His people a different perspective vis-à-vis the world, and such tilting at cultural windmills is not part of that mandate.

The essential role of the redeemed as a community with respect to the world culture surrounding it is summed up in the word *witness*. Two passages describe the unique cultural position of God's people 'in the sight of the nations' surrounding them, in any age or culture: Deuteronomy 4:5-8 and Matthew 5:13-14.

Surely I have taught you statutes and judgments, just as the LORD my God commanded me, that you should act according to them in the land which you go to possess. Therefore be careful to observe them; for this is your wisdom and your understanding in the sight of the peoples who will hear all these statutes, and say, 'Surely this great nation is a wise and understanding people.' "For what great nation is there that has God so near to it, as the LORD our God is to us, for whatever reason we may call upon Him? And what great nation is there that has such statutes and righteous judgments as are in all this law which I set before you this day?

(Deuteronomy 4:5-8)

You are the salt of the earth; but if the salt loses its flavor, how shall it be seasoned? It is then good for nothing but to be thrown out and trampled underfoot by men. You are the light of the world. A city that is set on a hill cannot be hidden.

(Matthew 5:13-14)

The manifest wisdom of an obedient covenant community bears testimony to the surrounding nations to the surpassing wisdom and glory of the God who has called her into being. As such the community functions as preserving Salt and revealing Light in any and all cultures in which she finds herself. Writing in rebuttal to Niebuhr's view, D. A. Carson sums it up well: "Christian communities honestly seeking to live under the Word of God will inevitably generate cultures that, to say the least, will in some sense counter or confront the values of the dominant culture."[160]

There is a remarkable characteristic of divine Providence with regard to the placement of the community of both the Old and the New Covenants. One glance at a map of the ancient Near East will suffice to show that God placed Israel at the geographical crossroads of empire – to the south was Egypt, the Hittite Empire was northwest, and the Assyrian and Babylonian empires to the north and east. Later the Greeks and the Romans would tread over the same soil. The famous historian H. G. Wells says of the land of Israel, "through it lies the natural high road between the Hittites, Syria, Assyria, and Babylonia to the north and Egypt to the south. It was a country

[160] Carson, 143.

predestined, therefore, to a stormy history."[161] The movement of armies and of people was funneled by the Mediterranean Sea and the Arabian Desert to flow through Canaan, the land given to Abraham's descendants as a possession and for a witness. When Moses spoke to the children of Israel regarding their wisdom 'in the sight of the nations' in Deuteronomy 4:6, did he understand just how profound that presence was? God did not sequester His chosen nation away from the world, but placed it at Ground Zero with regard to the political, cultural, and economic developments of the ancient world.

A comparable situation has occurred in the New Covenant era, though it is not so geographical as with the Old. The centrality of the expanding people of God in the New Testament era has rather been geo-political and economic than simply geographic. But it has been no less profound than the providential placement of Israel in the midst of ancient empire. The most influential flow of human civilization over the past two thousand years has followed the development and expansion of Western civilization, and particularly the growth and spread of European culture. This is not to say that there have been no other advances in culture throughout the world. Rather it is meant to point out that the cultural development that has had the most impact upon the world outside its immediate geographical boundary – for good or for ill - has been that of Europe. And in a manner similar to the geographical placement of the Old Testament people of God, the establishment and spread of Christianity has moved in the same direction as that of Western culture. From the time of Constantine's legalization of Christianity in the early fourth century to the present, the nations and empires that have moulded the world around them have been those most deeply affected and influenced by Christianity. Even modern nations whose brand of Christianity has long since departed from biblical evangelicalism, still

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[161] Wells, H. G., *The Outline of History: The Whole Story of Man: Volume 1* (Garden City, NY: Doubleday & Company; 1971), 215.

recognize the centrality of that faith to their country's heritage and values. German Chancellor Angela Merkel recently noted that "We feel tied to Christian values. Those who don't accept them don't have a place here."[162]

Two caveats are necessary here in regard to the proximity of Christianity as a religion to the geo-political and economic advancement of Western culture. First, Christianity may be no more responsible for the development of culture and economic power in the West than Old Testament Israel was the cause of political empire among the Egyptians, Hittites, Assyrians, and Babylonians. Proximity of development is a historical fact; the causal relationships between two human developments on such a massive scale are much more indeterminate. It is merely the intent of this discussion to note the proximity, and to reasonably claim an analogy between that of the Old Covenant people and that of the New.

The second caveat is to state unequivocally that Western culture is not 'Christian' any more than Egyptian culture was 'Jewish' while the children of Israel were dwelling in that land, or than Babylonian culture was so during the years of Jewish exile. The providential placement of Israel in the midst of ancient empire, or Christianity in the midst of modern geo-political and economic power, was never intended for the assimilation of one into the other, the people of God into the host culture(s). The purpose for such proximity has already been set forth: Witness. Israel often failed in her responsibility (her "Great Commission"), and so has the church. Yet the divine purpose and command remains: to be Salt and Light, to bear witness to the wisdom of God's decrees and statutes "in the presence of the nations" before which God has placed His Church.

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[162] Matthew Weaver, "Angela Merkel: German multiculturalism has 'utterly failed,'" October 17, 2010, http://www.guardian.co.uk/world/2010/oct/17/angela-merkel-german-multiculturalism-failed (accessed October 17, 2010).

The impact of this concept of proximity to Christian life and to the focus and ministry of the Church in every age, is in quite a different direction that the various relational options outlined by Niebuhr. D. A Carson summarizes the effect of a Church living as Witness in the presence of the nations, "Believers must be the best possible citizens, and that means that Christians, who are taking their cue (and thus their worldview) from outside the dominant culture, not only shape and form a Christian culture that is recognizably different from that in which it is embedded, but also become deeply committed to enhancing the whole."[163]

The application of the principle of proximity to the Church's economic teaching and practice is not immediately clear. Is the Church therefore responsible to develop an alternative economic model? Does the responsibility of Witness require the Church to stand in militant opposition to a cultural economic system that it views as oppressive? Or does the Church simply take the economic system in which it lives and 'make the best of it'? These questions are the ones commonly raised within the literature regarding 'biblical economics,' but they are themselves formulated under Niebuhr's paradigm. Carson's use of the term 'embedded' is significant and informs the point of view advocated in the current study. We have recently been made familiar with the concept of 'embedded reporters' within the U. S. military operations in Iraq and Afghanistan. These reporters live amongst the soldiers almost as one of them: eating the same MRE, sleeping in the same barracks, walking or riding the same patrols. To borrow this term and employ it in regard to the covenant people of God, we may say that Israel was 'embedded' in the Ancient Near East, and the New Covenant Church has been embedded among *"every tongue, tribe, and nation."* The question is, to what purpose?

The answer is to be found in the manner by which God revealed His purposes to the communities of faith under the two covenants historically recorded in the Bible. The people of

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[163] Carson, 143-44.

God under both the Old and New Covenants were given *"all things necessary for life and godliness"* (II Peter 1:3) appropriate to their respective covenants, and charged with displaying their wisdom through obedience to the divine statutes with which they were endued (Deut. 4:6). In the area of economic practice these statutes were more principial and proverbial than prescriptive. Simply put, the Bible is not an Economics textbook, and no particular economic theory can be derived explicitly from its pages. Yet both congregations were required to live economically, not isolated from the world around them, but integrally within a unique community, in the presence of, yet separate from the world. This is the challenge of biblical Witness: it is to be embedded into the various cultures into which God has providentially set His people. It has been the contention of this study that there is no more dynamic aspect in the daily life of any culture than the economic and therefore no better venue upon which Witness is to be displayed.

Consequently there is to be no attempt by this work to construct a new economic theory for incorporation into or adoption by Western culture. Nor will there be a defense of any current economic system attempting to utilize biblical proof-texts to support every part. The strength of any theory that claims to be biblical is its applicability within the prevailing culture with the intended result of bearing tangible witness to the manifold grace of God toward His covenant people. Thus the biblical mandate for the people of God seems to be the admonition of Jeremiah 15:19, to *"extract the precious from the vile"* and thus to be 'the mouth of God.' This must be done by God's people in whatever cultural and economic milieu they are found. The cultural economic paradigm facing the United States at the advent of the 21st Century is that of 'interventionist Capitalism,' which may turn out to be nothing more than a politically correct euphemism for fascism. There is ample reason to forecast the ultimate failure of this system, an expectation held by contemporary economists writing from both a Christian and a secular perspective. Many in the Christian community are engaging the political process in hopes of turning back the tide of interventionism in our country. But it is the lesson of history that this effort, worthy as it is in itself, will merely slow the advance and will not reverse the trend. Perhaps the Church's energy would be better directed toward a different goal.

The persistent and chronic economic crises of the past two centuries, and the tenaciousness of the current one, provide an excellent opportunity for the Church to act in a manner that is biblical and fulfills its mandate as Witness to the nations. It is proposed that this paradigm shift can and should occur within the broad outlines of the Capitalistic economic system, as being the most efficient and powerful for the purpose of economic prosperity. Yet within the tenets of Capitalism, and primarily because of the sinfulness of human hearts, there is 'the vile' from which 'the precious' must be taken. If the Church can successfully do this, and subsequently apply those worthy capitalistic precepts to the Community of believers, it is reasonable to anticipate the Covenant blessings upon the effort, manifesting a powerful Witness to the nations in the economic sphere. This, in a nutshell, is the conclusion toward which this study has moved: the resurgence of a uniquely Christian economic culture embedded within Western Capitalism and bearing Witness to the gift of divine wisdom bestowed upon God's people through His Word.

It seems both reasonable and proper to proceed in analysis from that which is 'vile' in Capitalism to that which is 'precious.'[164] While it cannot be denied that Capitalism has proven itself to be a far more virile economic system than any of its predecessors or competitors, it is

[164] It may be objected that the 'precious from the vile' should not be applied to such mundane issues as economics. It is interesting, however, that in the very same context of Jeremiah 15, the prophet protests his own condition in economic terms (*cp. 15:10)*, and the whole setting is presented in terms of economic frustration or blessing. It is most reasonable to view the 'precious from the vile' as an admonition having application to all areas of a believer's life.

also undeniable that there has been a ‘dark side’ to Capitalistic economic theory and practice. From the theoretical standpoint, it must be noted that the system itself has been presented scientifically by the likes of Adam Smith, David Ricardo, and John Stuart Mill, as a system of philosophical Naturalism or Materialism. “From a Christian point of view, it is important to recognize that all the major intellectual defences [*sic*] of capitalism as an economic system have been conducted within the context of a thoroughly secular philosophy.[165] Smith’s ‘invisible hand’ is not the guiding providence of a beloved Deity, but rather the mechanistic hand of Natural Law. ‘Market forces’ are to the capitalistic economist what ‘Natural forces’ are to the physical scientist. It has already been noted that the removal of moral and ethical elements from economic discussion has followed the same trend in other branches of Science. It is a vestige of the Age of Reason that once something enters the realm of Science, it departs from the province of Ethics and Morality.

The most profound illustration of this phenomenon in the area of capitalistic economics is the concept of Utilitarianism, otherwise known as Pragmatism. It is indeed hard to avoid the conclusion that ours has become a society in which the worth of any endeavor is measured in terms of results, and that increasingly those results have been measured in economic terms. Pragmatism itself is not a worthless or evil concept; one can hardly imagine introducing any system or theory on the credentials that it *does not* work. Consistent failure is naturally viewed as an indictment of method. Yet, however important the pragmatic component of value must remain a minor one; it must never be allowed to become as predominant as it has in modern American society. The pragmatic component, to a believer, can never outweigh the ethical and must forever be trumped by the biblical.

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[165] Brian Griffiths, *The Creation of Wealth* (Downers Grove: InterVarsity Press, 1984), 110.

It is in the ethical component of value that Capitalism is found most wanting. While the contribution of John Forbes Nash to economic theory – that economic transactions are not of necessity 'zero sum' events – is both significant and true, it cannot thus be concluded that all economic transactions are 'positive sum' events. To say that there are economic transactions that are 'win-win' for both buyer and seller is not to say that there are no 'winners' in the economic world that have become so at the expense of 'losers.' History proves this beyond question, from the Robber Barons of the 19th Century who amassed incredible fortunes off the backs of underpaid and overworked labor, to the modern labor laws and entitlement programs that have tied the hands of business owners by making the real cost of labor often many times its actual worth. The first example comes from an age of little government intervention, the second from an age of ubiquitous intervention. Neither may be directly attributable to Capitalism as a pure concept, yet both are part and parcel of Capitalism as a historical development. The Church cannot ignore the growing disparity between the shrinking percentage of extremely wealthy and the increasing percentage of the balance.[166] Nor can it refuse to see that government intervention, at least on the scale of the past seventy years, is both misguided and counterproductive as an attempt to bring a more equitable distribution of wealth. It is a significant failure of Capitalism both as a theory and in practice, that it does not possess a built-in, positive sum balancing mechanism. It cannot fix inequity by itself, and government intervention is persistently inept in its attempts to do so.

Benthamite Utilitarianism gave birth to Capitalism's twin sisters of productivity and efficiency. Coupled with an explosion of technology that Bentham could not have dreamed

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[166] See Michael I. Norton & Dan Ariely, "Building a Better America – One Wealth Quintile at a Time," *Perspectives in Psychological Science*, Vol. 6 (January 2011). Norton & Ariely's study is well documented in this report, one of the most intriguing points of which is the degree to which the American population views society as much more equitable than it actually is.

possible, these capitalistic 'virtues' have resulted in a declining available market for labor while achieving an seemingly endless increase in the production of consumer goods. The increased mechanizing of industry has not only reduced the quantity of labor needed, it has also depressed the wage capacity of employed labor. This replacement of human labor through technology is almost universally viewed by capitalistic economists as an unmitigated good. But the unending drive for higher productivity and higher efficiency, coupled with the availability of lower wage labor elsewhere in the world, has resulted in quantum movements of employment centers both within the county and abroad. While such movements are of great benefit to the geographical areas to which jobs go, they are often cataclysmic to those areas left behind. The modern justification that labor departures from a region provide a much needed opportunity to diversify fails to deal ethically with the pain and loss suffered during the years it takes to change, and the utter ruin for towns that are unable to make the change.

As the biblical understanding of labor is inextricably tied to the Creation Mandate, an ordinance incumbent upon all men as men, the believer cannot view productivity and efficiency as higher principles than the right and responsibility of man to work. Government mandated labor and wage laws, such as the minimum wage requirement, have proven ineffective and counterproductive. Equally ineffective have been protective tariffs and industry subsidies that actually impede the development of efficient production and merely delay the day of reckoning. Once again, however, we encounter a facet of Capitalism – at least as interpreted through Jeremy Bentham – that lacks a self-correcting mechanism for labor equity. With regard to destructive labor mobility, government intervention merely exacerbates a problem that Capitalism is itself unable to solve.

Finally, on the negative side, there is the historical reality of consumerism. In this phenomenon we find the very success of Capitalism becoming its own nemesis. Historically speaking, prosperity has not always been its own best friend, nor the friend of evangelical Christianity. As the ancient Latin proverb puts it, "Religion begets Prosperity, and the daughter has devoured the Mother."[167] The first part follows from all that has been said concerning the close link between the 'Protestant Work Ethic' and capitalistic advancement and prosperity. But the United States has long since entered a stage in which advertising forms a major controlling interest in the overall economic system. Rather than applying greater efficiency to the production of the needs of society, modern corporations expend tremendous amounts of money in advertising creating those needs for products already developed. This trend has without doubt raised the quality of life for those who dwell in Capitalistic economic societies. The synthesis of consumer need through advertising has, however, moved the point of satiation for individual consumers beyond the point of reach. "One man's consumption becomes his neighbor's wish. This already means that the process by which wants are satisfied is also the process by which wants are created.[168] It remains to be seen if the phenomenon is sustainable, especially when the components of credit and debt are included into the equation, but the sustainability of an insatiable economic appetite does not constitute an ethical justification of it.

Pragmatism, productivity, efficiency, and consumerism are byproducts of American Capitalism's successful development over the past two centuries. They are not evils in and of themselves, but when coupled with man's inherent sinfulness and greed and given full range of exercise without moral or ethical restraint, they become destructive. Perhaps the first and most notable victim, from a Christian perspective, is contentment. In the 17th Century Puritan

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[167] *Religio peperit Divitias, et filia devoravit matrem;* quoted in regard to the early American colonies by Cotton Mather in *The Ecclesiastical History of the American Colonies.*
[168] John Kenneth Galbraith, *The Affluent Society* (New York: The New American Library, 1958), 117; 125- 126.

Jeremiah Burroughs called contentment 'A Rare Jewel.' It has only become scarcer with the passing of time and the growth of economic prosperity and opportunity. Burroughs speaks of contentment coming by way of subtraction and not by addition, "But contentment does not come in that way, it does not come, I say, by adding to what you want, but by subtracting from your desires."[169] Rather than pursuing ever-increasing material possessions, it would be a more biblical witness to the host culture for the Church to espouse work with contentment as an honorable and godly goal in life.

None of the negatives thus described are attributable solely to Capitalism as a system of economic practice, but rather to Man as he practices capitalistic economics. The principles of Capitalism, taken as dispassionate ideas, are perhaps the most conducive to the fulfillment of the Creation Mandate as any other economic system developed by man. Thus the rationalism described by Smith and his disciples, applied to the division of labor and the acquisition and use of capital, has proven to be the most successful system yet devised for the subjugating of the earth's resources for the benefit of mankind. This is no argument, of course, against the historical fact that the earth's resources have also been misused at times, and still are, or that the earth's resources have been used by man against man, and at times by Capitalists. The same environmental and economic sins have been committed historically by Mercantilists, Fascists, and Communists. The only point being made here is that capitalistic economic theory, when practiced without the constraint of intervention, has a vested interest not only in the optimal use, but also the continued preservation, of the earth's resources. As such Capitalism stands thus far in human history as the economic system which has most closely approximated the dominion God purposed for Man upon the earth.

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[169] Jeremiah Burroughs, *The Rare Jewel of Christian Contentment* (Edinburgh: Banner of Truth, 2005), 45.

In addition to fulfilling the Creation Mandate, Capitalism is an economic system founded upon individual property rights, even the proprietary rights of one's intelligence with respect to invention and creativity. The right of private property, respected and encouraged under Capitalism, has been seen by political philosophers to be the most basic of all rights, and one that leads to all others. Private ownership and use of property has long stood as a bastion against tyranny, and it is no coincidence of history that greater political liberty has moved through those societies which have incorporated the greater economic liberties of Capitalism into their culture.

Another positive aspect of Capitalism is it undeniable power for the attainment of both individual and national prosperity. Although the pragmatic component of worth, as stated early, must not be the predominant one it cannot be ignored or rejected out of hand. Capitalism has proven its ability to generate wealth. As a vehicle of individual and national economic growth, Capitalism has in a great measure reversed many of the effects of the curse upon the earth. No one should pretend that the ultimate reversal of corruption and frustration will come via economic development. However it is a strange theology that embraces the curse and rejects those developments of history that have reduced its burden upon mankind.

In short, the fair and reasonable conclusion drawn from a study of economic history is that to reject a market-driven economic system is to embrace economic failure. To do this in the name of fighting poverty is to exacerbate and universalize poverty. To impose government interventionist policy upon the market, in the name of equality or income redistribution, is to strangle the source of wealth while saddling the economy with a debt burden perhaps too large to repay. Yet to accept Capitalism uncritically is to overlook serious inherent flaws for which there is no self-correcting mechanism. While some evangelicals may feel that the solution lies in turning back the tide of interventionism, it is the contention of this study that the correct evangelical path heads in a different direction altogether.

It is not proposed, therefore, that the Church of Jesus Christ has either the ability or the responsibility to expend its energy in an attempt to hold back or reverse the tide of cultural change in this country. The movement from free-market *laissez faire* economics to government interventionism has been inexorable over the past one hundred years, and has followed the pattern of all governments in history to become more and more burdensome as time, and especially prosperity, goes on.[170] The confluence of biblical teaching and sound economic theory leads to a different model, not a new one but rather a very old one updated with the latest understanding of economic theory. It is proposed, therefore, that the community of believers in Jesus Christ – the Church in as wide an application as can be doctrinally and practically justified – return to its greatest commission as Witness in the presence of the nations, and to do this self-consciously in the economic sphere of life.

The remainder of this study will be devoted to a preliminary outline of how the Church can regain the self-image as a unique community, and therefore a unique culture, within the broader economic culture surrounding it. For the Church in the United States, this means a capitalistic economic culture and therefore implies the incorporation and use of capitalistic economic theory and practice by the community of believers. In the economic sphere of life, the challenge for evangelical Christianity is to set forth the example of all that is good and productive in capitalistic economic theory while mitigating the negatives through the application of solid, biblical Christian ethics. Many modern Christian authors have suggested this approach with regard to Christian participation in the economy at large, but it is questionable whether

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[170] This inexorable growth of government was the topic of Thomas Hobbes famous treatise, *Leviathan*, published in the 18th Century.

individual believers can hold back the flood of economic dissipation with a finger in the dike here and there. What is needed is a paradigm shift in the Church as momentous as those that have altered the course of American economic policy and practice.

Historical Illustrations: Amana Colonies

There have been, and are, a few examples both in the Christian community and in society at large that are illustrative of certain aspects of the recommended model. When one considers the idea of a communal economic society, within the context of Western culture and Protestantism, one immediately thinks of the Amish. But the Amish are only one example of a communal ideology that derived from Reformation era Germany, and from the various strains of Anabaptist movements within that region. The Hutterites, the Mennonites, the Moravian Brethren are other groups which, when they emigrated to America, sought to reestablish in the United States the same type of cloistered communal society and economy that they left behind in Europe. For the most part the economic paradigm embraced by these groups was socialistic, even communistic, and therefore their history does not furnish much by way of illustration to the model being proposed. One group, however, stands out from the rest: the Amana Society of German pietists who settled in the Iowa Territory in the first half of the 19th Century. Similar to other immigrant religious sects from Europe, the Amana Colonies started life in America under strict socialistic and communal principles, a practice that survived for almost eighty years. But in 1932 the colonies were facing serious economic hardship in the midst of the Great Depression, and the descendants of the founders came to the realization that the socialistic economic practices of the previous generations had failed.[171] In that year the Amana Society was incorporated, and instead of disbanding, the seven associated villages reorganized their charter

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[171] Diane L. Barthel, *Amana: From Pietist Sect to American Community* (Lincoln, NE: University of Nebraska Press, 1984), 100.

under a more capitalistic, free market oriented economic model. The result is familiar to most, though the connection is perhaps less well known: the Amana line of appliances.

The Amana Society was organized as a Joint Stock Corporation with the intention of retaining the communal structure of the cloisters while beginning a wider participation with the 'outside' world. George Foerstner, an Amana resident, was an early pioneer in modern refrigeration, having developed the walk-in cooler that would become a common feature in restaurants. The Amana Society purchased Foerstner's Electrical Equipment Company, and renamed it Amana Refrigeration, Inc.[172] The Amana Society's venture into the world of market capitalism was, obviously, successful. As a formerly communistic community, considered by many to be the purest example of such in the world, Amana's transformation to a capitalistic, for-profit Joint Stock corporation serves as an inverse illustration to the economic model proposed in this study. Amana sought, and in large measure succeeded, to shift from a centrally-planned socialistic society to a market-oriented capitalistic venture without abandoning its close-knit community of mutual encouragement and economic support. The economic model being set forth by this study would have the evangelical and Reformed churches in the United States shift away from the intensely individualistic economic paradigm to a more communal, community-oriented view, without abandoning the capitalistic principles that have proven so vital to economic prosperity. In a manner similar to the Amana Society, evangelical leaders need to encourage and facilitate a more communal economic orientation among believers, with both increased instruction and tangible financial programs. Evangelical entrepreneurship is by no means an unbiblical concept.[173]

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[172] *Ibid.*, 139.

[173] Redeemer Presbyterian Church in New York City has begun a program called Entrepreneurship Initiative (Ei) along lines similar to what is proposed in this study.

Historical Illustrations: New Lanark

Examples such as the Amana Colonies and the Scottish industrial community – New Lanark - founded by Robert Owen in 1815 derive primarily from the era in which the Industrial Revolution was progressing in Great Britain, Europe, and the United States. The multitude of cloisters and communes that arose during the first half of the 19th Century proves that all were not comfortable with the direction being taken within the newly industrialized economies of Europe and America. Such attempts at socialistic economic communities invariably failed due to the deficient productive power of socialism, yet their presence illustrates a desire within at least part of society to retain the sense of community threatened by the advances of industrialism.[174] The Amana community represents a movement that started socialistic and ended capitalistic, without abandoning the foundational principle of community. New Lanark was from first to last a model of capitalistic industrialism, but one that attempted throughout to retain the close-knit village life of the medieval manor.

Owen, far from being a child of the Reformation, was a Unitarian whose main interest was in social reform within the context of industrialization.[175] Having worked in, supervised, and owned textile mills in and around Manchester, he had first-hand experience regarding such issues as child labor and work safety. Long before Parliament began to address the problems, Owen established his millworks at New Lanark on the basis of a capitalistic community. No child labor was utilized at the mill; instead profits were channeled toward housing and schools for the working class families employed at the mill.

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[174] A famous example of this anti-industrialist strain is Henry David Thoreau's *Walden*: "Most of the luxuries and many of the so-called comforts of life are not only not indispensable, but positive hindrances to the elevation of mankind."

[175] Ian Donnachie, *Robert Owen: Owen of New Lanark and New Harmony* (East Lothian, Scotland: Tuckwell Press, 2000), 55.

> New Lanark, Robert Owen's Scottish enterprise, shows that production could be organized differently. From its inception in 1815 no child labor was used. Schools were provided for the children of the laborers and two-room houses for each of the working-class families. Most surprising of all is that during the ten years of its existence this enterprise made substantial profits.[176]

Owen believed that industrialists – the new class of influence in Great Britain – bore an inherent responsibility to raise the standard of living for those from whose labor they profited. Contrary to the prevailing view toward the working class, Owen held that the proper living environment and education would serve to mould the character of the labor class in a manner that would benefit both society and the mill owners. What was unique about Owen's approach to social reform was his coordination of capitalistic profit with an almost utopian social reform. The New Lanark mills were a model of efficiency, cleanliness, and social improvement throughout Owen's tenure there, while consistently realizing financial profit year after year.

Robert Owen's synthesis of capitalism and communalism was ahead of its time. His business partners opposed the expenses of his 'welfare' programs, and he ended up purchasing their shares so that he could proceed with his work and experiment. Although he became the toast of social reformers throughout Europe and the United States, few industrialists followed his example. For our purposes, however, Owen's New Lanark community holds forth the prospect of a socially oriented community established upon capitalistic economic principles and practice. As the Industrial Revolution progressed in Great Britain during the course of the 19th Century, the working and educational conditions of New Lanark did not prove to be magnetic enough to retain workers, who regularly departed for higher wages elsewhere. New Lanark lacked the integral bond shared by those of like faith, as in the Amana Colonies. The economic principles were sound; the social glue was weak.

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[176] Bob Goudzwaard, *Capitalism & Progress: A Diagnosis of Western Society* (Grand Rapids: William B. Eerdmans Publishing Company, 1979), 67.

New Lanark, though entirely secular in its operating philosophy, still provides an excellent illustration of the principle of Community that forms such a major part of the Christian faith. It is to be expected, therefore, that a sound economic system coupled with a strong cultural bond – something Owen could not instill in his mill community, but that Jesus Christ has in His church – would prove not only viable but prosperous.

Enclave Economics:

There remains one additional example to consider, one that is in many ways best suited as a living illustration of the economic model being proposed. Yet this particular example has been motivated neither by religious fervor or social reform. Rather it has been adopted as a means of survival in an inhospitable environment. Certain ethnic communities within the United States have displayed a remarkable and noteworthy pattern of what may reasonably be called 'communal capitalism.' So remarkable has this pattern been among European immigrants (Italians, Polish, Irish) at the turn of the 20th Century, and Asian immigrants (Chinese, Korean, Japanese) later in the same century, that it has formed a distinct class of economic theory: Enclave Economics.

Although the United States is undoubtedly the most assimilating country on the planet, life for immigrants is still an uphill struggle during the first several generations. Accumulating capital and establishing credit are both difficult for many immigrants, and the situation improves only very slowly for ethnic groups that do not exhibit the enclave economic system under consideration.[177]

Perhaps the most intriguing similarity between ethnic enclave economies and a potentially similar model for the Christian community is the biblical analogy of believers as

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[177] John Sibley Butler and George Kozmetsky, eds.; *Immigrant and Minority Entrepreneurship: The Continuous Rebirth of American Communities* (Westport, CN: Praeger, 2004), 53.

sojourners and aliens in the world. Enclave economies are frequently developed as a means of survival for immigrant communities that possess few if any strengths to assist them in making inroads into the host economy. Frequently non-English speaking, rarely possessing great personal capital, and often facing at least implicit prejudice if not active discrimination, ethnic communities are forced to turn economically inward to survive and prosper. What is remarkable about such enclave economies is the fact that they do prosper, often at a level equal to or exceeding the surrounding economy of the host culture. One author highlights three distinct advantages offered to ethnic immigrants participating in an enclave economy. The first is a source of human capital, as entrepreneurs within the immigrant community can draw upon skilled and unskilled labor from the community itself. Frequently this pattern takes the form of more established immigrants hiring new immigrants both as low-wage laborers and as a much-needed starting point for the newcomers. It is a win-win situation, and within such ethnic communities as the Chinatowns on both the East and West coast has resulted in an upward mobility that far exceeds ethnic sub-cultures functioning without such an economic system.

A second strength of the enclave economy is the availability of financial capital through 'rotating credit associations' within the ethnic community. These associations fuel entrepreneurship among a class of people, newly arrived immigrants, who would not qualify for capital financing through traditional channels. The flow of capital for both consumption and investment is also streamlined by RCAs when compared to the highly regulated and often intrusive process required by financial institutions in the host culture.[178] With the recent debacle in the housing mortgage industry, and the consequent tightening of lending regulations, this advantage has only been magnified. The concept of the RCA will be discussed in greater detail later in this chapter.

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[178] *Ibid.,* 172.

The final strength listed for the enclave economy, though the list is hardly exhaustive, is the benefit of social capital – the bonds which tend to hold people of like ethnic and immigrant status. The following description of the increased social capital available within ethnic enclave cultures is, without a stretch of imagination, applicable to the biblical concept of the community of believers.

> Immigrants create bounded solidarity by virtue of their shared cultural bonds and shared experiences of being treated as foreigners, which in turn heighten awareness of common symbols, values, and obligations and foster enforceable trust among immigrants. Bounded solidarity and enforceable trust…interact with structural factors in the host society to help immigrants organize their social and economic lives in disadvantaged or adverse situations.[179]

The ethnic enclave environment absorbs and assimilates new immigrants into an established network of entrepreneurship. Privately-owned small to medium sized businesses are typical of such immigrant communities that function in this sort of economic environment, and the vast majority of business owners themselves started out as employees in similar businesses within the community. Because these businesses often go far beyond the immediate needs of the ethnic community itself, and frequently provide products and services for the surrounding host culture, the ethnic enclave economy also speeds assimilation of immigrants into the host society, manifesting an upward social and economic mobility that exceeds comparable statistics for ethnic minorities that do not employ the enclave system. The ethnic enclave forms "an integrated cultural entity maintained by bounded solidarity and enforceable trust – a form of social capital necessary for ethnic entrepreneurship."[180]

In a word, ethnic enclave economies work. This answers to the pragmatic vein that runs strong in Americans and in Capitalists, and strongest in American Capitalists. But from a Christian perspective the enclave economic system has the added advantage of corresponding to

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[179] *Ibid.*, 50.
[180] *Ibid.*,, 41.

the biblical model, not only that of the Old Covenant community, Israel, but also that of the New Covenant community. We have already seen the emphasis placed within Old Testament economic principles upon the maintenance of community and of the families that comprise it.

New (Old) Model for the American Church:

One of the most pervasive word pictures of the Scripture with reference to the people of God, especially under the New Covenant, is that of alien or sojourner in a land that is not their own. It runs from the call of Abram through the letters of the apostles Paul and Peter. The land was promised, and was given, and was later taken away; but the covenant community always remained. Mutual concern within the covenant community, a concern not excluding issues of economics, is inculcated upon the faithful under both covenants. That much is clear from the biblical survey portion of this study. The analysis of economic principles, especially those of Capitalism, justifies a conclusion that a confluence of communal focus and capitalistic economics is not only a viable but a worthy goal for the modern Church.

A brief summary of the three examples that have just been discussed will provide ample justification for seriously considering the proposed economic model of communal, or community-oriented, capitalism. The first example, the Amana Society, illustrates from history the failure of communal socialism while providing an excellent example of a successful shift to capitalistic economic practice without the loss of the community center. The Amana Colonies are, of course, a unique combination of both ethnic and religious homogeneity; yet the fact that the colonies were spread over seven distinct villages across central Iowa made interaction with the ‘outside’ world inevitable. The success of the Amana line of appliances, as well as many other lesser known cottage industries deriving from the Colonies, bears witness to the possibility of combining strong community orientation with successful economic methodology.

The New Lanark community was established from its inception to stand as an example of a capitalistic communal center. While certainly not founded on evangelical Christian principles, the social reform perspective of Robert Owen nonetheless emphasized the prospect of financial gain providing for the universal benefit of the community. Owen did not espouse equality; his was not an egalitarian utopia. Rather the focus of New Lanark was comprehensive social advancement – for labor as well as management – fueled by profitable industrial endeavor. New Lanark lacked the ethnic and religious bonds that has kept the Amana Colonies united, and motivates the enclave economies of immigrant America. Yet during Owen's tenure there the experiment became famous across Great Britain, Europe, and the United States.

The third example, and the one closest to the proposed model, combines entrepreneurial enterprise and ethnic homogeneity with the cultural reality of being aliens in a strange land. The presence of ethnic enclaves in the United States stand as a testimony to the willingness of certain ethnic immigrant groups in American history to provide economic and entrepreneurial assistance to their own. The participation of these ethnic communities and industries with the broader economy surrounding them illustrates the interaction of a capitalistic communal sub-culture with the surrounding host society. The proposed communal capitalistic model differs in important respects from the Amana Society, from New Lanark, and from the ethnic enclaves. Yet the common features of religious belief (Amana), comprehensive social advancement (New Lanark), and the economic solidarity of 'aliens' in a host culture (ethnic enclaves) combine to provide the evangelical Church a unique venue in which to fulfill the commission of being Salt and Light in the modern world.

A modern example of some of the principles developed in this study is that of Redeemer Presbyterian Church in New York City. Redeemer's Entrepreneurship Initiative, Ei, was established as part of the church's Faith & Work discipleship program, a strong recognition of the centrality of economics to the life of the believer. The program is more limited in scope that the model recommended in this study, and focused more on the cultural renewal aspect of Niebuhr's paradigm. Nonetheless, the parameters of Ei are drawn along similar lines as those advocated here,

> The Entrepreneurship Initiative (Ei) was created to encourage and support entrepreneurs within our congregation who have a bold vision to start a new arts, for-profit, or not-for-profit venture that fosters shalom and brings about gospel-centered renewal to New York City and beyond. The initiative is now expanding as a movement beyond Redeemer, as churches in other cities join our Ei Forum and develop ways to serve entrepreneurs in their communities.[181]

Triangulation:

Whereas there is no justification for claiming biblical mandate for any particular economic system or theory, there is ample support for aligning economic principles along the triangular foci outlined in this study: the Creation Mandate, the Covenant foundation for the people of God on earth, and the Community context in which that 'nation' lives as both an alien and a witness to the surrounding world. It is proposed that capitalistic economic principles, employed wisely by the people of God within the environment of the evangelical community, will answer to the biblical principles inculcated by these three foci while presenting to the surrounding culture a 'wisdom' that cannot be refuted.

The Creation Mandate, in briefest summary, comprises the dominical command upon Man, as man, to *"be fruitful and multiply, fill the earth and subdue it."* It is acknowledged and accepted that the fall of man into sin has severely impacted this mandate, introducing toil and

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[181] Center for Faith and Work: Entrepreneurial Initiative, http://www.faithandwork.org/about_ei_page836.php (accessed December 2010).

frustration into man's labor, but the fundamental role of Man as co-regent over the earth has not been abrogated even by sin. It is therefore necessary that the Church reestablish through its teaching and example, the connection between human labor and human dominion. The high calling of labor, especially as its worth is renewed through conversion (the believer now does all *"as unto the Lord"*), must once again take precedence over the modern view of work as a means to an end: a source of income, a way to pay the bills. Emphasis must be placed on a man's labor as his acceptable service to the Lord, with reference to the 'Levitical' words used to describe Adam's tending of the garden. Modern believers must again be instructed and encouraged to view work as *worship*, and the quality and vigor of their work as *witness*.

Contrary to the views of modern environmentalists, such a perspective on work and the world will not properly lead to exploitation of natural resources and a denuding of the earth's ecosystem. Instead, a biblical understanding of Man as steward of the earth and her resources is truly the only sure foundation for environmental policy and action. In this area of the public forum the Church should not only have a voice, but should lead. A shift in perspective of the magnitude imagined here will not occur within a short time, and probably not within a generation. A few preliminary observations are offered, however, that will move the Church in the direction it should go.

First, in keeping with the underlying principle of the Creation Mandate, pastoral teaching must emphasize *productive* versus *speculative* labor and income. It seems eminently reasonable that Christian labor ought to be seen to contribute in some measure to the good of society, and certainly never detract from it. "The service of God demands that we be involved in the service of man."[182] Christian labor must consciously strive toward the positive sum transaction. It is not too much to say that believers should never find themselves 'making a living,' when it is their

[182] Griffiths, 122.

biblical mandate to ‘tend the garden.’ Thus fields of study, of craft, and of trade that return something to the community are those best suited to the Christian. That a believer’s work ethic should be without reproach, his behavior full of integrity, and his performance ‘as unto the Lord’ are all clear principles from the pages of Scripture. It is, however, less clear to the individual what particular kind of work at which he is to be employed. The pastoral ministry of the Church must seek to engage every believer at this level – the level one’s vocational contribution to the host culture.

A second observation is the importance of entrepreneurship to the economic model being proposed. This principle is amply illustrated in the example of the enclave economies previously discussed, but also bears consideration from the viewpoint of the Creation Mandate itself. The Mandate itself implies man’s dominion over the resources of the earth, to be utilized economically for the advancement of man. The phenomenon of incorporation, discussed at length in Chapter 6, has drastically reduced that portion of the workforce actually in ‘dominion’ over the instruments and materials of production. Certainly not every man is called or gifted to be an entrepreneur, but that cannot mean that economic dominion was intended to be concentrated in fewer and fewer hands. Entrepreneurship ought to be a hallmark of the Christian community, as the redeemed seek to pattern their labor after the dominion aspect of the Creation Mandate. In so doing man imitates the Creator through creation. Simply put, entrepreneurial economics recovers greater control over one’s own labor and rational utilization of production.

In developing and encouraging entrepreneurial enterprise, the pastoral and diaconal ministry ought to work alongside the family in recognizing both talent and desire, assisting in the development of that talent, and securing the initial capital required. This last item, the generation of venture capital, will be discussed in greater detail under the third focal point, that of

Community. It should be noted at this point, however, that a communal and capitalistic focus on entrepreneurship within the church will of necessity require a paradigm shift among believing parents as to their children and 'the way they should go.' High salaries, stable employment, and good benefits will become lesser criteria, if they remain so at all, replaced by a greater emphasis on economic independence and the ability to exercise a measure of dominion often lacking in corporate employment. As an expected consequence, the increase in start-up companies, shops, and stores by believing entrepreneurs will also create employment opportunities for individuals who are not called or gifted as entrepreneurs themselves. The Amana Colonies exhibit not only the entrepreneurial dominion of the company founder, but also the cooperative dominion of those who are employed by the larger companies (i.e., the Amana Refrigeration Company), and what we may call the auxiliary dominion of the many smaller farms, tradesmen, and retail shops that serve not only the Amana villages but the surrounding culture as well.[183]

This aspect of the proposed evangelical economic model must not be confused with Dominion or Kingdom theology. It is no more supposed that the Church will gain economic dominion over the world than it could be imagined that the nation of Israel would gain political dominion over the great powers of the Ancient Near East. Rather what is envisioned is a community of believers living in such a manner in the presence of the surrounding culture as will draw attention to her wisdom through obedience to the statutes and principles of God's Word. The Western Church of the 21st Century has the advantage of having an economic system of proven strength in Capitalism. Employed communally, this system of economic theory is perhaps the most capable toward at least partially fulfilling the Creation Mandate through the economic activities of the community of believers.

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[183] The Amana General Store, founded in 1858, now has an Internet website and online products catalog at http://www.amanageneralstore.com/

The second point of triangulation set forth in this study is the biblical concept of the Covenant. When this is applied to economic issues, the analyst walks a fine line between sound exegesis and interpretation on the one hand, and the 'prosperity Gospel' on the other. Too often the concept of divine blessing upon the economic endeavors of believers has been turned into a mechanical formula – an exchange of wealth for the payment of faith. Yet it is possible to err in the opposite direction, to consider the believer's economic activity without reference to the biblical fact that, through faith, he has been brought into a covenant relationship with the One who owns the cattle on a thousand hills, the One who gives the power to make wealth.

The prime source of error that often prevails in this matter is the improper application of covenantal promises *individually* rather than *corporately*. Economic prosperity was certainly individualized in biblical characters such as Abraham and Job. The prosperity of these patriarchs, as we have seen, was incidental to their covenantal relationship to God and not the direct result of covenantal promises. These instances only show that when God provides financial wealth, He does so to individuals. They do not prove that He has covenanted to do so with every believer without exception. Such promises of prosperity were always given to the covenant *community*.

In the earlier study on the covenant connection between faithfulness and prosperity, it was noted that a 'predilection to prosperity' can be discerned. The exegetical challenge arises when one tries to extend this predilection to prosperity for the covenant community from the Old Covenant era into the New. There does appear to be in the New Testament an almost opposite disposition toward wealth: that material wealth is an almost insurmountable obstacle to one's salvation. The wealthy are cast as the oppressors, and positive exhortations to contentment and against 'storing up treasures on earth' abound. Yet it must also be allowed that wealthy believers are to be found in the pages of the New Testament; their wealth in no way held in prejudice against them. Furthermore, admonitions of contentment are an integral part of the Old Testament proverbs, and the prophets railed against the rich oppressors in the land with no less vigor than James. In other words, we find that individual wealth was never meant to be an infallible proof of a man's covenant relationship with God, nor yet was poverty of wallet invariably the sign of poverty of soul.

Furthermore, there are often extenuating circumstances that limit or prevent the accrual of prosperity even when the believing community is living in obedience and faith. Systemic injustice within the culture, as is experienced by believers in communist and dictatorial nations, stands as a providential barrier to the successful employment of economic principles. Even in market oriented economies, the sheer weight of interventionist governmental policies and regulations often crush the most rational entrepreneurial venture. Beyond these more visible caveats, however, there is the sovereign wisdom of the God who orders the lives of His children according to His inscrutable counsel. In other words, there is no greater guarantee of economic success under the New Covenant than under the Old, merely the same 'predilection' to be anticipated when the right ends are pursued with the right motives utilizing the right means.

Keeping in mind the overarching principle of Witness, it can be seen that the purpose for which God blessed, and blesses, His covenant people is not by way of reward for their faithfulness, and certainly not by way of obligation on God's part. Rather it is the case that prosperity adheres to the covenants so that, in the righteous use of wealth, the wisdom of God is further manifested through the people of God *"in the presence of the nations."* Material prosperity is a correlate to the covenants, but at all times for the purpose of showing the world how worldly wealth is to be used. The apostle Paul speaks of this whole concept as God *"giving* *seed to the sower"* so that the corporate community should never lack the wherewithal for every good work (*cp.* II Corinthians 9:6-15).

This passage in II Corinthians 9 therefore argues strongly in favor of a continuation into the New Covenant of the 'predilection to prosperity' so evident under the Old Covenant. From the perspective of the proposed economic model, this means that the community of believers, in any age, has good reason to anticipate success as it endeavors to employ biblical principles in the economic realm for the good of the community and the glory of God. Now that statement was hedged with just about as many caveats as can be fit into one sentence, sufficiently guarding against the wrong impression that God has promised wealth to each and every believer on the basis of sufficient faith. Nonetheless, the New Covenant community is just as responsible as the Old to properly interpret and apply such enigmatic proverbs as *"the wealth of the wicked is stored up for the righteous"* (Proverbs 13:22).

Once again the application of the principles discussed in this study to the modern evangelical community will require significant shifts in the way believers consider the pursuit, acquisition, and distribution of wealth. And once again it must be clearly stated that the current goal, in keeping with the biblical examples, is not *equality* but rather *equity*. This perhaps subtle differentiation in terms is necessary to avoid an unbiblical conclusion that God desires absolute economic leveling within the community of His people, whereas He has at all times commanded economic fairness and justice. From a modern pastoral perspective, the concept of believers constituting a unique covenant people in the world must be re-established within the evangelical community. So pervasive has the emphasis on individual belief become in the modern church, that little teaching is devoted to the corporate aspect of the New Covenant.

Thus the first step in reconstituting the Covenant perspective of the proposed model is to restore to the church the understanding of believers as a community. In particular, this correction is needed within the context of the economic activity and condition of the corporate community, the Church. There is ample supply of literature with regard to the individual believer's responsibility vis-à-vis the church: on the tithe, on missionary giving, on stewardship, for example. This is also true regarding the responsibility of the individual believer with respect to his own finances. But what is needed is a redress of the underlying conceptual framework within which believers view themselves as contributors to the financial mechanism of the church as an volunteer organization.

What is called for by the pattern of the Old Covenant community Israel, and by the New Testament injunction to be Salt and Light, is a deeper understanding of the Church as the New Covenant people of God in each and every facet of life. The true identity of the assembled people of God is contained in the covenantal formula, *"I will be their God, and they shall be My people"* found frequently throughout both the Old and New Testaments. God has covenanted to be the God of His people, an arrangement that does not negate the fact that He is God Almighty, and Lord of all, but rather one in which He commits to act *for* His people in a manner unique to them among all the people of the earth. Theologically the difference has often been made in terms of *common* grace – that sovereign care by which God causes the rain to fall on the just and the unjust alike – and *redemptive* grace. But by recognizing the second and narrower sense of grace not only as redemptive, but more broadly as *covenantal*, we can understand that God's superintendence of His people extends to all aspects of their lives, individually yes, but particularly as they are called and assembled as a 'peculiar' people in the world.

We have seen how this covenantal grace during the dispensations prior to the New Covenant frequently manifested its economic side in the form of material prosperity. It is not too much to say that prosperity was the *normal* outflow of divine providence for those with whom God entered into covenant. There is no reason to question the continuance of this commitment on the part of God under the New Covenant, that the covenant people of God, the Church, may reasonably anticipate success in their legitimate economic endeavors. It has hopefully been established by this study that there is nothing inherently illegitimate in either the theory or the practice of Capitalism, *per se*, though as with all forms of human endeavor the baneful influence of sin often corrupts the good. Remaining sin notwithstanding, however, that segment of God's covenant people that finds itself providentially dwelling in a capitalistic economic culture may be expected to employ those principles to the fullest, under the covenant, and to be successful in so doing.

But the covenantal formula also has a second component, *"and they shall be My people."* Not only has God committed under the covenant to be the God of His people, He has marked them to be *His* people, separate and unique among the peoples of the world. Thus the admonition that so often follows the covenantal formula in Scripture, *"Therefore come out from among them and be separate, says the Lord"* (see II Corinthians 6:16-18). Believers as individual economic agents must begin to understand themselves to be part of a whole, the cumulative impact of which is greater than the sum of the parts. Covenant people are a separated people, not physically, but rather spiritually, morally, socially, *and* economically. We must be reminded of the fact that God placed His people Israel right in the middle of the socio-political and economic stream of the ancient world. Likewise, modern evangelicals ought to consider the proximity of Christianity to the flow of geopolitical and economic power throughout the past two millennia. God's people are still front and center, for the divinely ordained purpose of Witness.

This aspect of the covenantal position of God's people and the rest of the world points to the third foci of our triangulation: that of Community. It is at this point that the recommendations move past the realm of instruction and touch upon some preliminary ideas for implementation. At the risk of controversy, the model being proposed requires a recalibration of the Christian Mind in the West, moving back in the direction of 'Christendom' of the Middle Ages. That is, a Christendom devoid of the abuses of power and the uniting of Church and State for the subjugation of the people. Also the new Christendom must be shorn of the medieval perspective which viewed one's national and one's spiritual citizenship as co-extensive. What is recommended is simply a greater and more conscious understanding on the part of individual believers of the reality of the covenant people under the New Covenant. What is needed is a practical understanding, not merely a theoretical or confessional one; a comprehension of the identity of the peculiar people of God that informs and motivates a new social cohesion among believers. This is the glue that New Lanark lacked, and it is of stronger material than the ethnic bond that has proven so vital among the enclave economies of immigrant America.

Obviously there is the danger here of sliding into an ecumenicity wherein a lowest common denominator approach is taken with regard to doctrine. This is by all means to be avoided. But it is also to be hoped that a strictly denominational approach can also be avoided. Perhaps the most detrimental phenomenon with regard to the Church's witness to the unbelieving culture is the perception of division and divisiveness. It is beyond the scope of this study to enter into the issue of denominations, and these few comments are not to be taken as an indictment *en toto* with regard to denominationalism. Nonetheless, it is hoped that an evangelical economic model can be formulated that begins, at least, to cross denominational lines.

The community economic model is, therefore, proposed along two lines that will serve to avoid a broad ecumenicism on the one hand, while providing ample opportunity for cross-denominationalism on the other. The first line of approach is that of *region*. Economic situations and conditions are often best defined regionally rather than nationally or internationally. Economic needs and economic opportunities cannot be reasonably defined nor effectively addressed, nationally but only on the basis of the industries and labor force available locally. This is not to say that all entrepreneurial effort should be limited to operations within, say, a 100 mile radius. It is true that the Internet has rendered the entire world a market place for the sale of local goods. Yet it seems reasonable that the assessment, encouragement, and investment in entrepreneurial ventures ought to be limited to local entrepreneurs. This approach will also foster a more hand-on involvement within the community, rather than the whole becoming another investment portfolio in national and international megacorporations.

A regional focus in economic development is merely in recognition of the fact that the believing community's most powerful impact has always been local. The extent of regional development ought to be determined on the basis of what might be termed 'evangelical density,' or number and size of evangelical churches necessary to form a critical mass for entrepreneurial development. In some parts of the country the development region might be a county; in others it might encompass several states.

This determination of regional extent leads to the second line of organization: that of the doctrinal positions of the various congregations within the region. As much as it may be desired in theory, it is not supposed that all professing Christian churches are capable, on the basis of both theoretical and practical doctrine, to 'walk together.' The paradigm shift involved in developing a capitalistic community economic model requires basic agreement not only on the meaning of the Gospel but also on the overall worldview that flows from it. Obviously it requires a belief that Jesus Christ is Lord not only of one's personal finances but also that He is the Covenant Lord of world economic systems. Historically, the doctrinal system that seems best suited to incorporate capitalistic economic theory within a distinctly Christian communal development plan is that of Calvinism as mediated through the Dutch Reformed theologians of the 17th through 20th Century. One thinks especially of the worldview teachings and practice of Abraham Kuyper in this regard.

Implementation of the proposed economic model is recommended in a two-pronged approach. The first involves the training of the pastoral ministry. Many seminaries have incorporated courses in marketing and advertising in response to the modern 'Church Growth' movement and literature. The Church would be better served, and would better serve the flock and witness to the surrounding community, if pastors were well-trained in economic theory and practice as well as in theology, history, and the biblical languages. Part of the paradigm shift recommended involves departing from the relatively young view that pastors are marketing executives for the congregation, and returning to the biblical view of pastors as shepherds of God's flock. This study has maintained throughout that the economic sphere of life is the most pressing, most stressful, and least understood facet of a believer's life; generally speaking, individual believers are far more likely to consult a financial counselor or accountant with economic questions than to call on their pastor. Although the context involves that of legal proceedings in a court of law, it does not seem to be a stretch to interpret Paul's words to the Corinthians as teaching a more in-house approach to the needs of life.

Dare any of you, having a matter against another, go to law before the unrighteous, and not before the saints? Do you not know that the saints will judge the world? And if the world will be judged by you, are you unworthy to judge the smallest matters? Do you not know that we shall judge angels? How much more, things that pertain to this life? If then you have judgments concerning things pertaining to this life, do you appoint those who are least esteemed by the church to judge? I say this to your shame. Is it so, that there is not a wise man among you, not even one, who will be able to judge between his brethren?
(I Corinthians 6:2-5)

It is entirely feasible that pastoral candidates be trained in economic theory, modern economic practice, and at least a modicum of instruction in finance. Such training will not only better equip men for dealing with the struggles faced by their parishioners on a day-by-day basis, but will also form a skilled pool of church leaders from which to draw an economic advisory board for the evangelical development program that is the heart of the proposed model. Additional workshop training can be provided by the pastoral session to the deaconate to establish the operating parameters of the community economic model. Certainly the modern evangelical church does not lack men with proven entrepreneurial skills to provide insight and guidance in this area.

The second prong of implementation has to do with the entrepreneurial discovery and finance. Formed on the model of the Amana Society Joint Stock Company and incorporating the successful enclave economic model, a regional economic development board would coordinate the collection of investment capital, the evaluation of entrepreneurial applications, and the disbursement and oversight of venture capital. Local pastors, sessions, and experienced lay entrepreneurs would both search out and receive applications for start-up businesses. This regional board would review, reject, or approve such applications, coordinate venture capital, and would remain the local oversight of start-up and growth. Finally, the coordination of boards within several regions will facilitate the securing of benefits packages required (or soon to be) for employees – such as Workman's Compensation and Health Insurance.

The basic investment model proposed is similar to the Revolving Credit Associations often found within the ethnic enclave economies discussed earlier. RCAs are essentially local investment and development corporations that provide the focus community with alternative savings options and capital financing to local banks and other lenders. With lending regulations tightening due to the most recent crisis, it is becoming almost impossible for individuals and small businesses to secure capital financing for start-up or growth. RCAs have proven their power within the enclave economies at cutting through the red tape of the regular financial institutions. "To the extent that RCAs provide an informal vehicle for saving and lending, groups that possess the institution are in a position to solve the credit problems that inhibit the entrepreneurship of groups that lack this informal institution."[184]

Personal investments for retirement, savings, and wealth growth have become much more commonplace among Americans over the past two generations than in any previous time or country. The concept of believers channeling their savings and investment monies into venture capital for entrepreneurial development within the evangelical community is admittedly a radical idea. But perhaps no more radical than the concept of schooling one's children at home was twenty-five or thirty years ago. Analogously, the proposed model for capitalistic community 'economic zones' merely requires believers willing to acknowledge that being Salt and Light in the world involves more than a profession of faith and faithful church attendance. It requires the conscious submission of every aspect of life to the obedience of faith and the guidance of Scripture. Intelligent economic decisions made collectively and corporately by believers within

[184] Butler and Kozmetsky, *Immigrant and Minority Entrepreneurship*., 172.

the context of the evangelical community will manifest the wisdom of God’s people *“in the presence of the nations.”*

Appendix A – Hermeneutical Issues

When seeking to distill the biblical instruction on an issue as general as economic theory and practice, the challenge exists for the Reformed theologian and pastor not only to defend the sufficiency of Scripture for ‘life and godliness’ and ‘training in righteousness’ on propositional grounds, but to fully develop this belief for day-to-day application in the believer’s life. Any attempt to faithfully exegete and apply Scripture to human economics must overcome several hurdles. First, the Bible lacks the kind of explicit clarity that we might wish to find with regard to the issues faced by man in his economic life: whether wealth or poverty receives greater divine approbation; whether personal consumption beyond the barest necessity manifests thankfulness or worldliness; whether property remains the private privilege of the individual, or must be held in common with the community. As with many issues of an ethical nature, a study of biblical economics can quickly descend into the mind-numbing minutiae of casuistry. The Reformed scholar, however, should anticipate this potential danger, being aware that not all things in Scripture are equally plain and clear to all. Economics, while very important in a man’s day-to-day life, is not on par with one’s eternal salvation, and so the wise admonition of the Westminster Assembly applies,

> All things in Scripture are not alike plain in themselves, nor alike clear unto all; yet those things which are necessary to be known, believed, and observed, for salvation, are so clearly propounded and opened in some place of Scripture or other, that not only the learned, but the unlearned, in a due use of the ordinary means, may attain unto a sufficient understanding of them. (Westminster Confession of Faith I.VII)

A second challenge to the Reformed student of biblical economics is to acknowledge his own lack of disinterestness and objectivity. He is operating under a cultural bias of some sort, whether or not he is able to fully recognize and quantify it. Once again Reformed theology provides the biblical exegete with the proper epistemological point of reference: *total depravity*. He recognizes that the effect of both original and actual sin has been to corrupt all faculties of his being, including that rational faculty that he desires to apply to the interpretation and application of Scripture. In speaking of matters eschatological, the apostle diagnoses the believer's vision as *"in a mirror dimly,"* a metaphor that can also be applied to his ability to perceive the here-and-now.

It is, therefore, of utmost importance for any student of biblical economics to at least take stock of the cultural milieu in which he writes, if only to more clearly recognize those economic presuppositions that will inevitably color his analysis and application of the biblical data. Craig Blomberg advocates the widest application of a hermeneutical principle developed in the writings of the Liberation theologian Samuel Escobar: a 'hermeneutics of suspicion.'[185] The process is a simple one, to ask oneself if the interpretation of a passage and especially its application to day-to-day life, seems to fit a bit too comfortably with the prevailing economic practices of the culture in which one lives. Blomberg rightly points out that Escobar's own use of the principle – *against* the biblical economic interpretations of American theologians – is itself suspect. Rather the principle ought to be employed, one might say *mercilessly*, with respect to one's *own* exegesis, not that of others. Anthony Thiselton also warns against the cultural and ideological bias that often colors biblical interpretation: "The group must be free and able to

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[185] Craig L. Blomberg, *Neither Poverty nor Riches: A Biblical Theology of Material Possessions* (Grand Rapids: William B. Eerdmans, 1999), 142. To be sure, the concept of 'suspicion' is employed by Escobar and Liberation Theology in general as an attack on evangelical theology. The phrase, however, has intrinsic merit if applied honestly and broadly to one's own hermeneutical work. It is to be hoped that, in spite of its source, the terminology may be applied with integrity to Reformed hermeneutics, as it has been in Blomberg's work.

distinguish the perspective of the group from the perspective of the text."[186] The interpreter's suspicion of the influence of his own culture follows from the counter-cultural nature of God's people in both testaments, where the community of faith is consistently set forth as a witness to the nations before whom they live their lives of faith in God. As aliens and sojourners in a world whose overarching principles are inimical to God and His Law, Christians ought to have an active skepticism regarding just about anything the world tells them is 'true.' Further, an equally active awareness of the subtlety of indwelling sin will guard the wise exegete against hastily accepting cultural norms as biblical truths.

Third, cultural bias notwithstanding, perhaps the most difficult hermeneutical issue facing the investigation of the teaching of Scripture on economics is to differentiate those passages which are *descriptive* from those, if any, which are *prescriptive*. Many have erred in their exegesis of Scripture, and consequently in their application of Scripture, by mistaking what the Bible says *did* happen in history with what the Bible says *should* happen at all times. This crucial distinction between descriptive Scripture and prescriptive Scripture will serve as at least one 'litmus test' in our analysis of biblical passages that touch upon human economics. The student of biblical economics will, of course, want to first highlight and systematize those passages of Scripture that specifically *prescribe*, or definitively *proscribe* certain economic activity. The command to give, for instance, or to "render unto Caesar that which is Caesar's" stand as examples of this type of prescriptive biblical injunction. Yet even in this realm of this prescriptive Scripture there has been great disagreement within the community of God's people. *How much* are we to give? A tenth? Of the net or the gross income? Nor has the issue of what

[186] Anthony Thiselton, *New Horizons in Hermeneutics: The Theory and Practice of Transforming Biblical Reading* (Grand Rapids: Zondervan Publishing House, 1992), 410.

rightfully belongs to Caesar been without controversy, as can be seen from even a cursory review of the motivational sermons prior to the American Revolution.

Nonetheless, prescriptive and proscriptive passages on the issue of economic activity are, hermeneutically-speaking, the easiest for the biblical scholar and the practicing believer to handle. Unfortunately such passages exist in maddeningly small quantity. The vast majority of biblical references to economic activity come in literary forms that require a much more nuanced hermeneutic to determine whether the passages teach timeless economic principles, or merely reflect historically and culturally circumscribed events and experiences. Though not exhaustive, the following categories will serve to guide the survey of biblical economic material analyzed in this study:

> **Creational**: The Creation Ordinance of work, and the Creation Mandate of dominion over the earth form an underlying economic motif that is woven through Scripture. While the foundational principles of this category of economic teaching are, of course, to be found in the opening chapters of the Bible, the *creational* viewpoint informs all the biblical writers and references to God's original design for man and this world are scattered throughout both testaments.

> **Historical**: This material represents actual experiences of biblical characters as recorded in both the Old and New Testament. The wealth of Job, Abraham, and Solomon in the Old Testament, and that of Joseph, Barnabas and Lydia in the New, serve as historical examples from which conclusions must be drawn regarding the fact of their prosperity and the covenantal relationship in which they stood to God. The economic practices of the early Church also fall into this category, and determining which aspects of the historical accounts are normative and which are merely descriptive is a daunting challenge.

Prophetical: Those who do not believe that the Scripture speaks to the issue of economic activity ought to consider the role of ‘economic sins’ in the prophetic condemnation of Israelite social and religious life from the days of Amos to the closing of the prophetical era in Malachi. Even the ‘greatest of the prophets,’ John, had much to say in regard to the connection of true repentance and sanctified economic behavior.

Proverbial: Perhaps the greatest volume of principial economic instruction is to be found in the wisdom sayings stretching across the Scriptures from Proverbs and Psalms to the Parables of Jesus. Mostly presented in proverbial and parabolic figures of speech, these passages build a framework of economic thought within which both the historical and the prescriptive passages are to be interpreted.

Prescriptive: Finally there are those relatively rare passages of Scripture wherein an explicit commandment or prohibition is given regarding economic activity for the member of the community of faith, the people of God. From the Holiness Code of Leviticus, to the Sermon on the Mount and the epistles of Paul, there is to be found an underlying consistency of instruction in a great diversity of statutes.

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