

***The Poverty of Nations: A Sustainable Solution* (Crossway, 2013)
Wayne Grudem and Barry Asmus**

Introduction

- A. National focus
 - For excellent book on helping poor individuals, see: Steve Corbett & Brian Fikkert, *When Helping Hurts* (2009)
- B. Steps from within a nation (“Avoid Paternalism”) (28)
- C. Not a simple solution (increasing complexity: physics/ chemistry – biology – human sciences – economics)
- D. Written for ordinary readers, not economists
- E. Written to leaders, especially Christian leaders (incl. pastors), but also those who are not Christians
- F. Written for students
- G. Why don’t economists agree on a solution to poverty?
 - 1. Some do agree with what we say here (33-34)
 - 2. Professional donors
 - 3. Pure economists
 - 4. Cultural equalizers
 - 5. Fatalists
 - 6. Socialists and other “planners”
 - 7. Summary: no consensus (36)
- H. Why should we help the poor? (Scripture on love for neighbor and help for poor, 38; the suffering of the poor, 39)
- I. The responsibility of leaders (Rom 13:4; 40)
- J. Material prosperity is a secondary issue (42; Luke 9:25; 12:15; 16:13; 1 Tim. 6:17-19))

Chapter One “The Goal: Produce More Goods and Services”

- A. What makes a country rich or poor?
 - 1. The standard measure of wealth and poverty: **per capita income**
 - a. Per capita income is calculated by dividing the total market value of everything produced in a nation in a year by the number of people in a nation.
 - b. Low-income nations (under \$3000/yr. per capita income)
 - c. Low-middle-income nations (\$3000-8000)
 - d. High-middle income nations (\$8000-20,000)
 - e. High-income nations (over \$20,000). (The United States per capita income is \$49,800.)
 - f. Per capita income does not tell us everything we need to know about a nation.
 - 1) Such as things not sold in the market (e.g. leisure time, religious faith, strong families)
 - 2) Nor does it tell us about distribution of income
 - g. But per capita income is the best numerical measure of whether a nation is rich or poor in an economic sense.
 - h. Increasing per capita income is very important.
 - 1) Correlated w/ things like longer life expectancy, ↓ disease, ↑ literacy, and healthier environment.
 - 2) If a country wants to move up the scale from “low-income” to “middle-income” to “high-income” it must increase the total amount of goods and services that it produces.
 - 2. The standard measure of what a country produces: **gross domestic product (GDP)**
 - a. The market value of all final goods and services produced in a country, usually in a year.
 - b. Goods—material things produced and sold (e.g. clothing, vegetables, books, cars, etc.)
 - c. Services—such things as classes taught by teachers, doctor examinations, car repairs, housecleaning, etc.
 - d. Market value—Goods and services must be sold legally in markets to be counted in GDP.
 - e. The size of a nation’s GDP is the main factor that determines its wealth or poverty.
 - Per capita income is calculated by dividing GDP by the total population.
 - f. An example: Honduras’ GDP in 2011 was \$36 billion, and its population was 8 million, which equals a per capita income of about \$4,500. If Honduras could double its GDP and still have a population of 8 million, the average person would be twice as wealthy (about \$9,000 per person).
 - 3. What will increase a country’s GDP?
 - a. The answer is complex, involving as many as 79 factors.
 - b. Briefly put, the solution is the increased production each year of more goods and services that have enough value to be sold in the marketplace.

- c. To succeed in this, a nation must examine its official policies, laws, economic structures, and cultural values and traditions to see whether they promote or restrain increases in the production of goods and services.
- B. Other goals have been suggested, but they don't solve the problem (more detail in next chapter – but see #7)
1. More aid has not proven helpful in increasing GDP in the long run.
 2. Forcing more equal distribution of wealth does not change the amount of wealth a nation produces each year.
 3. Increased production of natural resources is too narrow a focus and may actually hurt the conditions for building institutions that produce long-term growth.
 4. Debt forgiveness simply changes a loan into a gift and becomes foreign aid (see B.1. above).
 5. Better terms of trade theoretically increases the value of a country's exports and decreases the cost of imports, but no single poor nation is likely on its own to exert much of an effect on world prices of its goods.
 6. Restraining multinational corporations may actually hurt production within a nation.
 7. Urging customers to buy "fair-trade" coffee (etc.) – goal: trying to persuade most customers in the whole world to pay a higher price than world market price set by supply and demand, and to do so for more and more products, out of the goodness of their hearts. (but see A Smith, 208)
 - at best will affect only a very few. (1% - 2% of coffee in world)
 - (Will keep paying farmers a small premium as long as they keep producing the same products that have trapped them in poverty in the first place. Provides incentive to grow more coffee which then ↑ supply, ↓ price for all other producers.)
- C. The amazing process of creating value that did not exist before
1. Examples of the creation of products of value
 - a. A woman turning a \$3 piece of cotton into a \$13 shirt
 - b. A baker turning \$3 worth of flour etc. into a \$4 loaf of bread
 - c. A farmer turning seeds into a \$400 bean crop
 - d. Turning 5 cents worth of metal and 3 cents worth of raw plastic into a \$200 pair of glasses
 2. Transfers of goods from one person to another do not increase GDP
 3. Printing money does not increase GDP, because money is medium of exchange and not a product of value.
- D. Examples of nations that have become prosperous by producing more goods and services
1. Britain: cotton manufacturing and the Industrial Revolution
 2. Nations that have grown more prosperous today
 - a. Japan—cars, computers, electronic equipment, machine tools, steel, ships, chemicals, etc
 - b. China—small manufactured consumer products
 - It is important to remember that China's wealth has come after adopting significant free-market reforms.
 - c. India—the service of telephone help for owners of computers and other electronic goods
 - d. Taiwan—electronics, chemicals, machinery, textiles
 - e. South Korea—semiconductors, wireless phones, cars, computers, steel, ships, and petrochemicals
 - f. Malaysia—privatization of banking, media, and automobile companies, and exporting electronics, IT products, and agricultural goods
 - g. Thailand—high technology products, such as integrated circuits
 - h. Chile—privatization of businesses, copper mining, agricultural products
 - i. Hong Kong
- E. Biblical support for creating more goods and services (this is not just "materialism")
- a. The "excellent wife" of Prov. 31:10-31
 - v. 24 "She makes linen garments and sells them; she delivers sashes to the merchant."
 - She makes products and increases the GDP of Israel.
 - v. 13 "she seeks wool and flax, and works with willing hands"
 - She is productive
 - v. 16 "with the fruit of her hands she plants a vineyard"
 - She produces agricultural products.
 - v. 18 "she perceives that her merchandise is profitable"
 - She sells products in the marketplace.
 - b. God commanded Adam and Eve: "Be fruitful and multiply and fill the earth and subdue it, and have dominion over the fish of the sea and over the birds of the heavens and over every living thing that moves on the earth" (Gen. 1:28).
 - "subdue" (*kabash*) implies that Adam and Eve were to make the resources of the earth useful
 - c. The ability to create is part of what it means that God made us "in his own image" (Gen. 1:27).
 - We imitate God when we create things, such as goods and services.
 - d. God's ideal for us is not to barely survive but to prosper by discovering and developing the abundant resources that he has placed in the earth for our benefit and enjoyment.
 - Paul says that God is the one "who richly provides us with everything to enjoy" (1 Tim. 6:17).
 - e. Jesus' command: "You shall love your neighbor as yourself" (Matt. 22:39).

- 1) Producing goods and services benefits others and is an expression of love of neighbor.
 - 2) Jesus himself worked as a carpenter for about 15 years (Mark 6:3).
 - 3) Paul worked as a tentmaker (Acts 18:3 2 Thess. 3:7-10).
 - 4) Peter and some of the other disciples worked as fishermen (Matt. 4:18).
- f. Paul's epistles taught early Christians that they should work with their hands.
- Eph. 4:28 Let the thief no longer steal, but rather let him labor, doing honest work with his own hands, so that he may have something to share with anyone in need.
- 1 Thess. 4:11 Aspire to live quietly . . . and to work with your hands, as we instructed you.
- 2 Thess. 3:10 If anyone is not willing to work, let him not eat.
- g. In the new heaven and new earth, it seems that the nations of the earth will continue to produce goods and services for others (compare 2 Chron. 9:9, 10, 24, 28 with Rev. 21:24-26).
- F. What goods and services can your country create?
- a. The correct answer is not "Nothing."
 - b. There will always be something that each country can make that people within the nation and even people in other nations will want to buy.
 - 1) The principle of comparative advantage in economics says that no person and no country can make everything, so there will always be something that you can produce that will earn a profit.
 - 2) Human beings have limited needs but they have unlimited wants.
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NOTE: At this point, skip to Part 2 of class outline:

Historical Overview of World Economic Development, Viewed from a Christian Perspective

(→ go to page 28)

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Chapter Two: Wrong Goals: Approaches That Will Not Lead to Prosperity

A. Dependence on donations from other nations

1. Dependence on foreign aid is harmful
 - a. No nation in history has grown wealthy by depending on donations from other nations.
 - b. Dambisa Moyo of Zambia (*Dead Aid*, 2009): foreign aid is actually the cause of continuing poverty in Africa. Moyo supports “humanitarian or emergency aid” but not “aid payments made directly to governments.”
 - c. Moyo: money sent for one purpose – easily diverted towards family & friends of the rulers (p. 68 – exx.)
2. The reasons foreign aid is harmful
 - a. Foreign aid props up corrupt governments, providing them with freely usable cash.
 - b. Aid can discourage a nation from producing its own wealth
 - c. Why then do western governments continue to give aid to poor countries?
 - 1) The business of aid: 500,000 people work for aid agencies, and their livelihoods depend on aid.
 - 2) Success is measured almost entirely by the amount given, not necessarily the results produced.
 - 3) There are disincentives to evidence gathering and an aversion to recognizing unfavorable results.
 - d. Foreign aid may even make military coups more likely as rebels seek control for financial advantage. Moyo: many of the civil wars in Africa have been conflicts over control of large amounts of aid money
 - e. Other development economists who object to foreign aid:
Paul Collier, *The Bottom Billion: Why the Poorest Countries are Failing and What Can Be Done About It* (Oxford University Press, 2007). Collier was director of development research at the World Bank (now at Oxford)
William Easterly, *The White Man’s Burden: Why the West’s Efforts to Aid the Rest Have Done So Much Ill and So Little Good* (Penguin, 2006) and *The Elusive Quest for Growth* (MIT Press, 2001). [NYU, was WBank]
3. Biblical teaching about dependence on donations from others
 - a. God’s purpose: human beings to work & create own goods & services, not simply to receive donations
 - b. Adam and Eve: Gen 1:28, 2:15
 - c. Israel: Deut. 8:7-10 For the LORD your God is bringing you into a good land . . . a land of wheat and barley, of vines and fig trees and pomegranates, a land of olive trees and honey, ⁹a land in which you will eat bread without scarcity, in which you will lack nothing, a land whose stones are iron, and out of whose hills you can dig copper.
¹⁰And you shall eat and be full, and you shall bless the LORD your God for the good land he has given you.
 - (1) The manna from heaven ceased when they ate from first harvest in Promised Land, Josh. 5:12.
 - (2) Poor in Israel: had to work: took the “gleanings” left in the fields after first harvesting (see Deut. 24:19-22).
 - (3) Another provision for poor: others were to lend to them w/o charging interest (see Ex. 22:25; Lev. 25:47; Deut. 23:19; Prov. 28:8; Neh. 5:7-10); but the poor were expected to repay it.
 - (4) Indentured servitude (Lev. 25:39-43; Deut. 15:12-18, compare Jacob serving Laban in Gen. 29:18-27.
 - (5) No thought in Bible that –poor would become permanent recipients of gifts of money, year after year
 - d. The New Testament
 - a) Paul rebuked the “idle” (1 Thess. 5:14); “If anyone is not willing to work, let him not eat” (2 Th. 3:10)
 - c. → we should see work as a blessing, a valuable gift from God (see Gen. 1:28; 2:15)
4. “Earned success” is more important than money
 - a. Arthur C. Brooks: the primary economic factor in making people happy is not money but what he calls “earned success,” that is, having a specific responsibility and then doing good work to fulfill that responsibility.
 - b. “Earned success means the ability to create value honestly—not by winning the lottery, not by inheriting a fortune, not by picking up a welfare check.”

B. Redistribution of wealth from the rich to the poor

- Several Christian writers assert, “God hates inequality.” They support “reducing inequalities” betw rich & the poor.
1. In some nations, people are rich because of abuse of government power
 - a. There is always a small group of wealthy people *within every poor country on earth*.
 - 1) In communist countries: high offices in government.
 - 2) In many African nations: high government positions, help themselves to money from the public treasury.
 - 3) In many oil-rich Arab countries, the ruling family and their friends have access to vast amounts of oil wealth.
 - 4) In some Latin American countries, a few wealthy families have amassed vast amounts of land, money, and power with the help of special privileges and restrictive laws made by friendly government officials.
→ Sometimes their wealth has even come from the drug trade, theft, bribery, and extortion.
 - b. In all of these cases *there are significant structural evils in the way the government functions*. – evil not punished

- c. In these cases, the crimes need to be punished; the structural evils must be changed
2. In other nations, people are rich because they have legally and rightfully worked and earned more money
 - a. Bible does not support the idea that governments should forcibly take from the rich *simply because they are rich* and give to the poor (beyond basic needs) *simply because they are poor*.
 Exod. 23:3, 6 “nor shall you be *partial to a poor man* in his lawsuit You shall not *pervert the justice due to your poor* in his lawsuit” (see also Deut. 16:19-20).
 Lev. 19:15 You shall do no injustice in court. You shall not be partial to the poor or defer to the great, but in righteousness shall you judge your neighbor.
 - b. The purpose of government “is to punish those who do *evil* and to praise those who do *good*” (1 Pet. 2:14).
 - c. Government should only punish those who “do wrong” (Rom. 13:4), whether rich or poor: Prov. 17:26 “To impose a fine on a righteous man is not good, nor to strike the noble for their uprightness”
 - d. Nowhere does Bible teach that it is the responsibility of the government to attempt to *equalize* incomes between the rich and the poor, or to attempt to reduce all “inequality” in income between the rich and the poor.
 (the more important point is whether everybody has opportunity to work and become rich—a matter of laws)
- C. Depletion of natural resources
1. Example of gold hungry Spain in the 16th and 17th centuries; also oil rich nations today
 place hopes of fortune on resources as source of wealth, but to the neglect of industry and production.
 2. Possible to use resource wealth wisely: Norway, Botswana
 3. But resource wealth is dangerous: it can take eyes off primary goal: continual creation of more goods and services.
 4. Often resources are basis for civil wars, coups – to get control of oil wealth or mineral wealth of nation
- D. Blaming poverty on outside factors or entities
1. Colonialism
 - a. Good & bad results of colonialism: a complex question of history. (various academic studies differ on this)
 - b. Some former colonies have prospered: Canada, US, Singapore, and Hong Kong (former British colonies); Finland (was under Russia); Norway (was under Sweden); South Korea and Taiwan (colonies of Japan).
 - c. Even colonies that suffered harm also experienced some gains (gains from opening and trade, roads, railroads, ports, buildings, water supply, rule of law, educational system etc.)
 - d. P.T. Bauer: one terribly destructive export from Britain to Africa: socialism (87-89)
 - e. Sum: Colonialism brought significant economic benefits to some countries, but fewer benefits to others and lingering destructive effects on government to many.
 - f. The crucial question for today is: what can a poor country do now, looking forward?
 2. Agencies that lend money to poor countries
 - a. Loans represent *assets* that were transferred *to* the poor countries, not taken *from* them. (~ cause of pov)
 - b. The Bible: borrowers should repay their debts.
 Ps. 37:21 The wicked borrows but does not pay back, but the righteous is generous and gives.
 Rom 13:7-8 *Pay to all what is owed to them . . . Owe no one anything*, except to love each other
 - c. “Debt forgiveness” is essentially a plea for more foreign aid, in 2 parts: first the loan, then the forgiveness
 - d. Corrupt leaders who stole the money should repay it. (But where leader has been deposed and the funds are not recoverable, some one-time debt forgiveness may be appropriate – acc. to Paul Collier.)
 3. The world economic system and international terms of trade
 - a. No one can control commodity prices on world markets (ex. coffee)
 - b. Governments of poor countries -sometimes keep farmers fr. receiving world price for crops (marketing boards)
 -- though many have now been abolished – but similar harm from companies having monopoly powers
 - c. Some rich nations “dump” excess agricultural products on the world market, wrongfully depressing world prices
 - 1) Farm subsidies lead to excess production, tax the many to support the few – should be largely stopped
 - 2) But: poor nations- unlikely to change this on their own – solution must come fr “dumpers”
 - 3) Poor nations can shift production to other products that rich nations are not dumping (Costa Rica did this)
 - d. Rich nations wrongfully impose harmful tariffs and quotas on products that they import from poor nations.
 - 1) Poor nations have little leverage to remove such tariffs.
 - 2) Important for the poor nations to focus main goal: producing more goods and services of value.
 4. Rich nations and multinational corporations
 - a. Poor nations were poor before rich nations became rich
 - 1) Countries that are rich today became so by producing their own goods and services – not by robbing from poor countries

- 2) Landes: "The Industrial Revolution made some countries richer and others (relatively) poorer; or more accurately, some countries made an industrial revolution and became rich; and others did not and stayed poor" (*Wealth and Poverty*, 194).
- b. Do multinational corporations pay unfair wages in poor countries?
- 1) Distinguish betw. labor mkt in country - completely free, and labor mkt w/ restrictive hiring permits.
 - 2) Governments have power to keep wages artificially low by negotiating a monopoly with a particular business and repressing competition. In this case, the government and the business share in the blame.
 - similar share of blame if factories have inhumane working conditions
 - 3) But in a free labor market, the supply and demand for laborers will determine wages.
 - 4) One of the economic advantages that poor nations have today is a supply of inexpensive labor.
- c. The Bible does not blame the rich in general for the poverty of the poor
- 1) Bible sometimes blames poverty of poor people and nations on rulers and countries that oppress others by military power

The fallow ground of the poor would yield much food, but it is swept away through injustice.
(Prov 13:23 ESV)

For whenever the Israelites planted crops, the Midianites and the Amalekites and the people of the East would come up against them. ⁴ They would encamp against them and devour the produce of the land, as far as Gaza, and leave no sustenance in Israel and no sheep or ox or donkey. . . . ⁶ And Israel was brought very low because of Midian. And the people of Israel cried out for help to the LORD. (Jdg 6:3-6)
 - 2) Sometimes poverty is blamed on wealthy people who wrongly withhold wages.

James 5:4 Behold, the wages of the laborers who mowed your fields, which you kept back by fraud, are crying out against you, and the cries of the harvesters have reached the ears of the Lord of hosts.
 - 3) People who have more are expected to help those in need, esp. Christians in need:

But if anyone has the world's goods and sees his brother in need, yet closes his heart against him, how does God's love abide in him? (1John 3:17)
 - 4) But the mere fact that some people are rich is never in itself said to be a cause of poverty. Scripture never blames wealthy people or wealthy nations *in general* for the situations of those in poverty.

(example: David, Solomon when wealthy – not said to be resp. for poverty in other nations)

E. Conclusion: what the goal is not

1. None of these four wrong goals is a solution to the poverty of nations.
2. The only solution is continually producing more goods and services and thus increasing GDP.
3. How can this be done? → See list of 79 factors that will increase GDP (in coming lessons)

Chapter Three “Wrong Systems: Economic Systems That Did Not Lead to Prosperity”

Question: *What kind of economic system best motivates and enables people to create more goods and services of value?*

Note: Economic systems by themselves do not bring a nation out of poverty. Single-cause explanations are always deficient.

A. Hunting and Gathering

1. From primitive societies where women focused on fruits and vegetables and men on protein.
2. Early form of specialization and trade that lacked economic development.
3. Incapable of increasing standard of living.

B. Subsistence Farming

1. Economic system in which each family grows enough food to feed itself.
2. Was most common means of food production for much of world history
 - a. Common in settling of American Midwest and West, as well sparsely populated areas of Canada and Australia.
 - b. Persist today in large sections of rural Africa, Asia and Latin America.
3. Resurgence with environmentalist movement. (people can do this if they want to spend all their time farming)
4. Agricultural development and industrial revolutions displaced subsistence farming and they have increased life expectancy significantly
 - a. Average life expectancy at birth in 1800 A.D. was 28.5 years.
 - b. In 2001 A.D. it had increased to 66.6 years.
5. Tends to breed other problems.
 - a. Chronic warfare among subsistence farmers and preemptive raiding is common.
 - b. Lacks institutional restraints on such behaviors.
6. Does not permit people to be better off, either economically or morally.
 - a. Failed economically due to sparse populations, few markets, and daily needs.
 - b. Lacked an understanding or embracing of large-scale division of labor, specialization, and trade.
7. Is idealized, but evidence is lacking and facts are ignored as to whether it makes people happier.
 - a. Fails to consider Biblical teaching on stewardship, moving from surviving to flourishing. [Exod. 20:15 and Lev. 25:10 on private property; Gen. 1:28 and Ps. 24:1 imply stewardship responsibility]
 - b. Is an inadequate solution to the moral challenge of feeding the world's poor.

C. Slavery

1. Though not considered a legitimate economic system, its historical significance mandates its inclusion.
2. Two major reasons for rejecting slavery as a suitable system for economic growth.
 - a. Moral: Dehumanizes and fails to recognize the image of God in each person (Gen. 1:27).
 - i. God set the Jewish people free from slavery (Ex. 20:2).
 - ii. God promises greater liberty in a more wonderful age to come (Isa 61:1).
 - iii. Slaves were encouraged to pursue freedom (1 Cor 7:21), which is a vital aspect in Christian life (Gal 5:1).
 - b. Economically: Limits profitability and inhibits innovative productivity and creativity.
3. Slavery must be rejected on moral and economic grounds as it fails to produce genuine, lasting prosperity.

D. Tribal ownership

1. An economic system in which all land is owned by the tribe or social community, and not by individuals.
2. Practiced commonly in Sub-Sahara Africa and has been practiced in Asia and Latin America.
3. Lack of individual property results in lack of responsibility or incentive for improvement.
 - a. Ownership facilitates development and opens the door for investment.
 - b. The Bible affirms property ownership as belonging to individuals (Ex 20:15; Lev 25:10)
4. Defenders of tribal ownership emphasize corporate belonging over individual rights.
 - a. Minimizes and marginalizes saving, investment, frugality, and ownership.
5. The structuring of power, executive and judicially, in the chief also hinders independent judiciary progress.
6. Economic history has proven that tribal ownership of property can never move a country from poverty to prosperity.

E. Feudalism

1. Economic system allowing serfs to live on the land of a lord with a portion of land to farm individually, in exchange for portions of their own crops and labor on the lord's crops.
2. Resulted in a quasi-slavery system which was eventually replaced as money was used in place of bartering.
 - a. Peasants could now sell labor to the highest bidder.
 - b. The growth of commerce led to the dissolving of the feudal system.
 - c. Innovation also contributed with the movement of a two-field to three-field crop-rotation system.
 - i. Increased harvest from 50% to 67%
3. The fall of feudalism gave rise to acquisitive living.
 - a. Led to rise in production of goods beyond subsistence.
 - b. Property became exchanged for profit.
 - c. Economic growth due to property rights and population growth led to rising middle class.

- i. Shop keepers and merchants in Britain, Holland, and Northern Europe.
 - ii. Started in Europe but soon spread throughout Western Civilization.
- 4. Feudalism proved to be inadequate to produce the growth necessary for prosperity.
- F. **Mercantilism**
 - 1. An economic system emphasizing the production of goods for export for the purpose of wealth accumulation (nation).
 - 2. Favored subsidized merchants enriching governments and penalizing competitors.
 - a. Allowed for the formation of monopolies based on governmental favor judicially.
 - 3. Weakness: Favored accumulating money over improving goods and services for the people.
 - a. Money itself does not enrich a nation.
 - 4. Led to special-interest groups who sought to form monopolies while increasing competition for others.
 - 5. European countries developed extensive import and export regulations.
 - a. Attempted to control wages, quality of goods, and labor practices.
 - b. Countries attempted to exclude merchants and traders from other countries.
 - c. Free trade and economic freedom were greatly limited.
 - 6. Mercantilism does not seek the best interest of the people of a nation and cannot move it from poverty to prosperity.
- G. **Socialism and communism**
 - 1. Socialism: economic system whereby the government owns the means of production and directs production and distribution.
 - 2. Communism: economic system whereby government owns means of production, but also property including labor.
 - a. A political system removing class and money by establishing pure socialism by means of revolution (violence).
 - 3. Marxist theory developed through *The Communist Manifesto* (1848).
 - a. Moved towards collectivism, authoritarianism, and command-and-control government in interconnection.
 - i. Would be mutually reinforcing and work in harmony as a liberating force.
 - ii. Capitalism was viewed as greedy and in need of defeat.
 - b. Emphasized surplus value in which a worker is cheated of being fully compensated of their true value.
 - c. Commodities were to be measured in value by the amount of labor put into it.
 - d. Move from productiveness to subsidizing the less productive.
 - e. Government takes primary role in development and implementation.
 - f. *Das Kapital* (1867) - focused on main principles of communism: value, exploitation, and class struggle.
 - g. Marx failed to recognize the lack of incentive in communism and disagreed with private property rights.
 - 4. Soviet Union implementation led to an ineffective and cumbersome system lacking incentive to produce more.
 - a. Other examples such as China, Cuba, North Korea, and Cambodia reveal tendency of tyrannical dictatorship.
 - b. Communism has failed to produce one real world success story.
 - c. Death tolls in communist nations are staggering.
 - i. Estimated 85-100 million in the 20th century died at the hands of one's own government.
 - 5. Many still hold to the 'inevitability' of a communist state, but it has been revealed as economically disastrous.
- H. **The welfare state and equality**
 - 1. The provision of extensive benefits to citizens of a nation from cradle to grave.
 - 2. Emphasis on 'human rights' such as education, retirement, subsidized housing, and free health care.
 - 3. Welfare states have historic foundations of free-market systems which produced the wealth needed to operate.
 - 4. Insulates populations from market change leading to slow economic growth and entitlement mentality.
 - a. Entitlements have presently outgrown the wealth being created in Europe.
 - 5. The hybrid of free-market capitalism with government-directed socialism has proven unsustainable.
 - a. Economies run on the power of incentives.
 - b. Population changes reducing work force and increasing age have burdened these systems.
 - c. Competition and increased productivity are necessary in the competition of global economics.
 - d. Germany plays the key role in Europe moving forward.
 - i. Cannot continue to run trade surpluses while the rest of Europe runs trade deficits.
- I. **A better solution: the free market system.**
 - 1. An economic system where production and consumption are determined by the free choices of individuals, grounded in private ownership and means of production.
 - 2. Emphasizes voluntary co-operation against central direction by means of coercion.

Chapter Four “The Economic System: The Free-Market”

A. Definition of the free-market system

1. Definition: A system where economic production and consumption are determined by the free choices of individuals and this process is grounded in the private ownership of the means of production.
 - a. Theologically: A divinely ordained process built into human nature emphasizing benefits of voluntary exchanges.
2. Some laws are necessary to protect the idea of a free market and do not inhibit a free-market system.
(Theft, fraud, & breaking contracts all violate the idea of free, voluntary exchanges.)
3. Objection: all economies are “mixed,” so there is no such thing as a free market. → talk about mixed economies
Answer: There are clear differences. We can rank economies on scale of 1-100, as in *2012 Index of Economic Freedom* by Heritage Foundation & *Wall Street Journal*. [U.S.= 76.3 out of 100 ('mostly free').]
4. Are we really talking about “capitalism”?
→ the term “capitalism” means many different things to different people – we decided ordinarily not to use the term
-- too many negative connotations, too many negative examples of “crony capitalism” etc. – not really free
5. The economic success of free market systems: all high-income nations (except for oil wealth) have had it
6. Biblical data supporting the idea of freedom in the market.
 - a. Teachings about private property (Ex 20:15; Lev 25:10; Deut 19:14; 1 Sam 8:10-18; 1 Kings 21).
 - b. Personal stewardship responsibility to God for property (Ps 24:1)
 - c. The image of God in all human beings => equal rights before law (Gen 1:26-27; 9:6; James 3:9)
 - d. Limited role of government in Scripture (Rom 13:1-6; 1 Peter 2:13-14)
 - e. Absence of any Biblical idea supporting governmental control and limited economic freedom.

B. The free-market makes complex products that no one knows how to make (example of ordinary pencil, 140-141) wood + graphite + brass (zinc & copper) + eraser made of factice (a vegetable oil) & rubber + paint + printing The pencil says, “No single person on earth knows how to make me.” → yet you can buy one for 10 cents!

- ### C. The economic foundation of the free market: private ownership of property (very important for free exchanges)
1. The justification of private property ownership in the Bible (showing great wisdom of God, and God’s intention)
 - a. Ex 20:15 - 'you shall not steal.' Assumes personal belongings, ownership. (also Matt 19:18; Rom 13:9; Eph 4:28)
 - b. Lev 25:10 - 'each of you shall return to his property.'
 - c. Numerous other laws regulating theft and restoration (Ex. 21:28-36; 22:1-15; Deut. 22:1-4; 23:24-25).
 - d. Protection of personal land boundaries (Deut 19:4 – not move landmark; cf. Proverbs 22:28; 23:10)
 - e. Governments sometimes wrongly abused power by violating property rights (1 Kings 21-Naboth; Ezek. 46:18)
 - f. Does Acts 2:44 “all things in common” (also 4:32) imply early 'communism?' No, because:
 - i. Giving was voluntary and not compelled via the government. (see Acts 5:4)
 - ii. People retained individual property, owned houses (Acts 2:26; cf. Acts 12:12; 17:5; 1 Cor 16:19; Col 4:15)
 - iii. Later NT writings still appeal to voluntary individual giving (they owned property): 2 Cor. 9:7
 2. Private property implies an obligation for responsible stewardship.
 - a. The Bible does not teach that ownership is absolute, but is “stewardship” under God (Ps. 24:1).
 3. When governments prevent private property ownership they violate biblical principles and hinder economic growth.
 - a. Of course, government taxation is legitimate, to punish evil and establish order. (Romans 13:4; 6-7)
 - b. But when government takes away property ownership, it ↓ human freedom, stewardship. Dehumanizing.
This keeps individuals from being rewarded for their efforts, and human achievement is stifled.
 4. Historical examples of governments preventing private property ownership.
 - a. Communist countries - North Korea, China (pre-'78 reforms), Cuba, former Soviet Union -- horrible poverty.
 - b. Tribal ownership - on Native American reservations, also much of sub-Saharan Africa (147-148, Maranz)
 - c. Other examples - India prior to British rule (1757), emperor rule in China, and Argentina, other Lat. Am. countries
 - d. Albania example
 5. Importance of legal titles to property (Hernando de Soto, *The Mystery of Capital*, 2000)
w/o titles, assets are useless (“dead capital”) – can’t borrow, start small business – just squatters
the poor of the world hold but do not own *\$9.3 trillion* in real estate (De Soto estimate in 2000)
in US, settlers (even “squatters”) on land in West – eventually allowed to purchase it
 6. In many poor countries, government rules make property ownership nearly impossible for poor people
(examples 151-152: Peru, Philippines, Egypt, Haiti)
 7. Governments in poor nations must establish governments to form accessible paths to property ownership.

D. The legal foundation for a free-market: the rule of law

1. A “free market” system has never meant total anarchy or a nation filled with crime!
2. For a free-market system to work everyone must be subject to the rule of the law (including rulers)

3. Bible: story of David and Bathsheba. (2 Sam 11)
 - a. God sent prophet Nathan to hold David accountable
 - b. → not even the king is above the law that God gave to the nation.
4. Why is rule of law important to free market system?
 - Essence of free-market system: people have opportunity to make voluntary, well-informed choices to buy & sell
 - stealing: violates free choice (didn't freely choose to give up car!)
 - violating a contract: the voluntary, free agreement is not honored (other party would not have agreed)
 - fraud, or defective product: the exchange was not a free, well-informed choice
 - governments should punish such crimes in order to keep the free market genuinely free (Rom 13:4)
5. If rule of law is absent: free market can't function, uncertainty in every transaction, econ. growth dries up

E. **Two more crucial economic factors for a free-market**

1. Stable currency - which provides a mutually understood means of exchange.
 - a. The currency must be known and have a stable value for prices to enable fair evaluation in free exchanges.
 - b. Money -- more efficient than a barter system, and reduces cost of all exchanges through a common denominator into which all goods and services can be converted.
 - c. Fiat currency - paper currency that is not backed by gold. Its value is formed through government declaration.
 - i. This is more vulnerable than gold-backed (or silver) currency that can be exchanged for a known rate.
 - ii. Subject to debasing much more easily than gold-backed currency systems.
 - d. Money has power only because it can be used to purchase something and its value is in what it can buy.
 - i. Allows us to store purchasing power for future use.
 - ii. Acts as a unit of account for costs and revenues.
 - e. Stability is necessary because without a predictable value, the price-signaling system breaks down.
 - f. Purchasing power can be undermined through inflation resulting in a loss of stability, clarity, and efficiency.
 - i. This is the result of a government increasing the money supply faster than the production of goods.
 - ii. It creates the illusion of having more money, but its long-term effects are destructive.
 - iii. Since governments control the money supply, their policies are the main cause of inflation.
2. Low tax rates - production, innovation, and creativity are stimulated by greater personal wealth retention.
 - a. Remember main goal for poor nation:
 - Increase country's GDP by increasing production of goods and services. (see chapter 1)
 - b. Entrepreneurs, businesses are ones who create new value, produce more goods and services
 - c. But higher taxes hinder, penalize entrepreneurs & businesses – restrict growth
 - d. Historically, lower tax rates have been generally associated with rapid growth (Alvin Rabushka, Stanford)
 - important findings on developing countries (159): low tax countries grew 5X faster
 - e. Unfortunately, many developing countries in Asia, Africa, and South America – high taxes for government projects
 - f. The Laffer Curve - lower taxes can mean more money for government! (Art Laffer)
 - Most (not all) economists argue that the tax rate should be near 15-20%.
 - g. Tax evasion in poor countries -- a significant issue. Cannot be resolved through higher taxation
 - i. Romans 13:6-7 challenges pastors and church leaders to influence toward compliance.
 - h. 20th century American history: Tax cuts under Coolidge (20s), Kennedy (60s), Reagan (80s), all → much growth

F. → **Does your country have a free-market system?** easy to answer:

1. Check out your country in the most recent issue of the *Index of Economic Freedom*.
 - a. Accessible at <http://www.heritage.org/index/>.
2. Another valuable resource is the *Economic Freedom of the World index*.
 - a. Accessible at <http://www.freetheworld.com/release.html>.

Chapter Five “The Mechanics of the System”

Question: *How does a free market work?*

Introductory comment: No human being ever established a free market.

It is just how human beings act when they are together in communities – they seek mutual gains from voluntary exchanges. The government just has to get out of the way, but also punish crimes (rule of law – see chaps. 4, 6).

→ We should be thankful to God for this amazing human process, just as we are thankful for the beauty of the natural world.

A. No one decides what, how, and for whom a national economy will produce.

1. Milton Friedman (Nobel prize in economics): In free market, who decides what is produced?

Answer: → No one.

2. The economic knowledge necessary to produce any product is widely dispersed

(even for the parts of a pencil: availability of materials, manufacturing processes, quantity that will be needed, how many people must work on product, for how long, etc.).

Nobody can travel around world and know first-hand all of what must be known. So how do things get made?
-- nobody in world knew that I would go to Home Depot to buy leather work gloves 12-7-13, 2:30 PM.

3. → People seem to be guided by an “invisible hand” – led to grow, mine, refine, supply, manufacture what is needed.

Adam Smith: “As every individual . . . neither intends to promote the public interest, nor knows how much he is promoting it . . . by directing [his work] in such a manner as its produce may be of the greatest value, he intends only his own gain, and he is in this, as in many other cases, led by an *invisible hand* to promote an end which was no part of his intention. . . . By pursuing his own interest he frequently promotes that of the society more effectually than when he really intends to promote it.” (*Wealth of Nations*, book 4, chap. 2, p. 485).

4. Spontaneous human creativity that makes useful things in free market → “invisible hand” is evidence of God’s amazingly wise creation. (how he made us to function). Note examples of human creativity to serve needs of others:

a. Garments made & sold by godly wife (Prov. 31:24), Jesus as carpenter (Mark 6:3).

b. Tentmakers: Aquila, Priscilla, and apostle Paul (Acts 18:3).

c. The general command to work honestly with one’s hands (Eph 4:28)

5. Now, more details on how free market functions, why it works to produce what is needed & wanted:

B. Specialization and trade – the key to greater prosperity

[this process should amaze us, cause thanksgiving to God]

1. The problem: how can people in poor countries, who already work very hard, produce more goods of greater value while working same # of hours?

→ Specialization increases productivity and innovation, allowing more to be done in less time.

Adam Smith, famous example of pin factory (p. 168)

Pin workers then “traded” – got money, bought food from farmers, also clothing, other goods

Everybody in modern economy specializes and trades. (farmers = only 2% of population)

→ And every poor nation must do this (first internally, then also for export)

2. Specialization allows for *comparative advantage* and trade, which benefits everyone.

a. *Comparative advantage* always works -- even when one has *absolute advantage*.

b. Example - a doctor who can type twice as fast as his typist.

i. The doctor earns \$100 per hour, the typist \$15.

ii. The doctor doing it in half the time (4 hours = \$400) is more expensive than the typist (8 hours = \$120).

iii. The *comparative advantage* is in favor of the doctor practicing medicine and hiring a typist.

iv. This reveals the effectiveness of specialization and trading (selling), thus benefitting all.

c. A poor nation will always have a *comparative advantage* in making some products.

This keeps happening: China with small manufactured goods, Asian countries w/ textiles, Latin American countries with food crops.

3. Specialization in a nation changes over time.

a. General movement: Agriculture → Simple manufacturing → Complex manufacturing → services/consumer goods → information technologies

b. When poor countries move to more complex products, more developed countries have to improve or change to producing something else (ex: Japan after World War II - from simple manufacturing to cars, electronics)

c. Then where will displaced people find new jobs? → new products, new services (173 – exx in last 100 years)

World will never run out of new products and opps. - humans have limited needs but *unlimited wants*.

c. Providing for the *unlimited wants* of mankind happens spontaneously in free-market systems

i. In communist or socialist economies – seldom, and not done well (unless some free market allowed)

ii. *Unlimited wants* implies in a competitive free market there will always be jobs for those who want them. (unless government interferes by preventing new businesses from starting, prospering) [ex: Uber]

C. **The free market has a remarkable signaling system.**

[this process should amaze us, cause thanksgiving to God]

1. Free markets spontaneously signal to workers what jobs need to be done, and to businesses what products need to be made. (no government planner says “go to this job” or “make this many pairs of gloves”) (amazing: p. 174)
2. Result: 60,000 items in hardware/ building supply store, 45,000 unique items in large grocery store.
-- they just show up on time, in quantity needed!!
 - a. If a surplus arises, prices must ↓ and buyers → order less next week. The market adjusts.
 - b. If shortage, prices ↑ and buyers order more, producers make more. The market adjusts.
→ don't worry about predicted future shortages of this or that.

D. **Prices are the language of the signaling system -- amazing worldwide source of instant economic information.**

[this process should amaze us, cause thanksgiving to God]

1. Supply and demand are never constant and prices signal how to respond.
2. The price system is the only reliable and efficient means by which someone can track a market's complexity.
3. Prices communicate objective information on the subjective attitudes and feelings of buyers and sellers.
→ Poor countries must not control prices, or else signals will not work.

E. **Profits and losses are the green and red lights of the system, by which customers signal 'go' or 'stop.'**

[this process should amaze us, cause thanksgiving to God]

1. Profits are the incentive for improvements in products and services already present. (cars, TVs, phones) and the incentive for developing new products and the reward for successful innovation, meeting people's needs & wants
2. Losses work to purify an economy of what consumers do not want. They signal producers to change, improve, or fail.
→ poor nations must not squelch profits & losses by excessive taxation of profits or bailouts to prevent companies from failing

F. **Competition leads to interpersonal cooperation, better products, more choices, and lower prices.**

[this process should amaze us, cause thanksgiving to God]

1. Competition and cooperation naturally occur together and reinforce each other.
2. Market competition is the father of innovation and a constant force for making progress happen.
 - a. Example - Palm Pilot, to Blackberry, to iPhone, to Android, to new iPhone 5, to
3. Competition encourages and requires cooperation. (!!!) (yes)
 - a. Much cooperation required to develop & manufacture & sell iPhone – or woven baskets in poor country
4. Progress and improvement naturally occur when competition and cooperation work together.
5. The customer ultimately benefits from competition – more choices, better products, lower prices
 - a. A customer searches for what is best and cheapest, a producer how to lower costs and increase attractiveness.
 - b. Consumer choice signals to producers regarding price, as well as service and product quality.
→ poor nations must not stifle competition by protecting monopolies, or restrictive licensing of businesses

G. **Entrepreneurship: many try, few succeed, but all of society benefits.**

[this process should amaze us, cause thanksgiving to God]

1. Free markets require innovation, which requires new ideas and new money. And a lot of work. And taking risks.
Thus the entrepreneur fulfills a very significant function.
2. Entrepreneurship involves 'creative destruction' of old, outdated businesses are replaced by newer, better.
 - a. This process overall benefits society as a whole.
 - b. Entrepreneurs in a competitive market soon rush to put new inventions at disposal of all mankind.
 - c. But not all benefit: “Creative destruction” is always moving those on top down, even out, if products not as good.
The good news: due to unlimited human wants, new opportunities will always arise.
 - d. Those most affected by change in a dynamic economy will often seek laws protecting them from change.
 - i. Example: taxi companies & unions opposing Uber private ride service
 - ii. But opposition to entrepreneurs inhibits a society from needed change and innovation for new wealth.
→ poor nations should not hinder or restrict or penalize entrepreneurs

H. **Summary of how a free-market system functions.**

1. Chap. 4: Foundations : 1) Private ownership of property, 2) Rule of law, 3) Stable currency, 4) Low taxes
2. Chap. 5: Key Components: 1) Decentralized decision making, 2) Specialization and trade, 3) Signaling system of the market, 4) Prices as the language of signaling system, 5) Profits and losses as indicators of success/failure, 6) Competition and voluntary cooperation as the interpersonal dimension, 7) Risk-taking of entrepreneurs (innovation)
And all of this “just happens”: Are we amazed? Do we thank God for this system?

I. **How wealthy people in rich nations can genuinely help poor nations.**

1. The only permanent solution to poverty is increasing a nation's GDP by producing of more goods and services of value. (chaps. 1-2)

2. The only economic system that can do this is a free-market system. (chaps. 3-4-5)
3. Therefore what practical steps can a wealthy person (or church) take to further promote free-market system and promote increase in GDP?
 - a. Investment in for-profit businesses, especially in nations moving towards a free-market and the rule of law.
 - i. The only way to know if a product is benefitting is through the signaling system of profit.
 - ii. When a product is truly making a profit in a poor county it helps the nation in 3 ways
 1. Making products that increase GDP.
 2. Making products that meet people's needs.
 3. Providing jobs that enable poor people to support themselves.
 - iii. Investment in a business that makes profit treats people with dignity, is not paternalism.
 - iv. Many promote micro-loans to single person businesses, but investment in small and medium enterprises (\$25,000-\$1 million) are necessary as well for larger economic growth.
 - b. Other ways to help
 - i. Supporting educational programs in poor countries that promote free-markets and the necessary governmental policies and cultural beliefs.
 - ii. Distributing literature that promote the same policies.
 - iii. Supporting seminaries in poor countries that also train pastors in appropriate cultural beliefs and values (outlined in chapter 9).
 - iv. Financial-assistance programs allowing future leaders in poor countries to study abroad in institutions that promote free-market economies, sound government policies, and beneficial cultural beliefs.
4. Then what about giving to charitable organizations that meet short-term needs, especially in crisis situations?
 - a. This is also good: meets immediate needs.
 - b. Beware however of giving that promotes dependency rather than productivity.
 - c. Such direct gifts, however, will not bring about a permanent solution.

Chapter Six "The Moral Advantages of the System"

Some initial qualifications:

1. Free markets do not make morally perfect people ("All have sinned and fall short of the glory of God"- Rom 3:23)
2. Therefore every economic system has sinful people in it, people who do morally wrong things.
3. Free markets are not the cure for every conceivable human defect.
4. The proper question is, "Does a free market system tend to discourage and punish wrong behavior, and tend to encourage and reward virtuous behavior, better than other economic systems?" (Yes!)
5. [Not in book:] The more government controls our time, money, actions, the more we lose these moral advantages.

A. Promoting personal freedom

1. Promoting freedom of choice for moral actions
 - a. A free market gives more freedom and responsibility to individuals to make econ. decisions
 - i. This allows us to make morally significant decisions
 - ii. If governments take all your money and decide how to spend it, you lose moral significance for your economic actions. – you can no longer act as a responsible "steward" before God for your possessions (1Cor 4:2)
 - iii. An economic system should not control but influence people's econ. decisions by persuasion, & not force
 - b. Free markets thrive on the non-aggression principle: protects human freedom; force is inadmissible betw. persons
 - i. The free market depends on people making voluntary exchanges.
 - ii. Bible places high value on human freedom, voluntary choices (Gen. 2:17; Deut 30:19; Josh 24:15; Rev 22:17)
 - iii. In OT, slavery and oppression are always viewed negatively - Ex 20:2; Deut 28:28-29, 33, Judg 2:16-23
 - iv. OT promise of deliverer (Messiah) who would come "to proclaim liberty to the captives" (Isa 61:1).
 - v. Human freedom and human choice are essential components of our humanity, a clear reflection of our creation in the image of God (Gen 1:27; Eph 5:1).
 - c. Freedom of choice is important for building other virtues in a nation. (punctuality, courtesy, trust, responsibility)
2. Promoting freedom to pursue abstract or spiritual pursuits (art, music, theology, any Christian ministry, etc.)
 - as a career, or a part-time vocation, or to give funding to these things
 - a. Mark Zupan (Univ Rochester) notes that only in decentralized, pluralistic, private-property order can the inalienable rights of everyone be secure. – the system protects people's freedom (This includes right to pursue non-material, non-government approved activities)
 - b. Fr. Robert Sirico (*Defending the Free Market*): our use of material creation expresses our spiritual, creative nature
 - c. → No significant evangelical seminaries, publishing houses, academic publications have ever come from socialist/ communist countries – or totalitarian countries generally (so far as I know). No evangelism of other countries.

B. Promoting personal virtues

3. Promoting personal integrity and truth-telling
 - a. When future voluntary exchanges are expected, individuals are more willing to do the right thing today.
 - b. The very nature of repeated, voluntary exchanges reinforces truthfulness.
 - c. The 2012 Index of Economic Freedom ranks 'freedom from corruption' in 179 countries. Many at the lowest end of the scale (unfree, repressed) include are unfree, government controlled economies.
 - i. Myanmar (14 out of 100); Uzbekistan (16); Venezuela (20); Russia (21); DRC (20); Zimbabwe (24)
 - ii. Compare to Denmark (93); New Zealand (93); Singapore (93); Canada (89); The Netherlands (88) – free mkt.
4. Promoting Accountability
 - a. The only voluntary exchanges people desire in a free market system are positive sum ones in which they benefit.
 - this motivates sellers to work hard to make customers happy (not just fill government quota)
 - b. The absence of free markets and property rights often encourages lying, thievery, and bribery of officials because: When governments hand out favors, more effort is expended in redistributing wealth than on producing it.
5. Promoting earned success
 - a. Recent research (chap 2) confirms what common sense already knew:
 - primary economic factor in making people happy is not money but "earned success."
 - b. A moral issue b/c consistent with the Bible's teaching about the responsibility to work and be productive.
 - i. Before there was sin in world, God put Adam in garden "to work it and keep it" (Gen 2:15). (earned success!)
 - ii. Bible often speaks about joy in one's work (Eccl 2:24-25). (earned success)
 - iii. In NT Paul taught the Thessalonian church: important to work, support self (2 Thess 3:8-10; 4:11-12).
 - iv. Bible views productive work as morally good (Col 3:23).
 - c. A free market system allows everyone the freedom to try various ideas and occupations
 - most eventually end up in job they do well.
 - d. A free market encourages good work and promotes and rewards satisfaction in a job well done.
6. Moderating selfishness and greed, and using them for good
 - a. In a free market, life, health, liberty and prosperity are improved because individuals seem to be able to take an idea, act on it, and begin to produce something.

- b. A free market does not eliminate selfishness, but can channel it into work and investment activities that actually bring good to other people.
- c. For those whose purpose it is to serve and not to earn money, the free market provides financial reward that frees up more of their time and enables them to go on inventing and creating. (Apps for iPhone)
- 7. Promoting wise use of the environment
 - a. A combination of private ownership of most land and resources, and public ownership of some designated state parks, seems best suited to preservation of resources and wise use of the environment (more in chapters 7 & 8).
- 8. Curbing materialism and promoting personal charity
 - a. Charitable giving is far larger in free than in socialist econs. or welfare states (US vs. other countries)
 - b. Socialism discourages and makes more difficult any individual contribution to charitable causes.
 - c. Deeper objection: socialism has detrimental moral influence. (Margaret Thatcher: an inherently wicked idea) 198

C. Promoting interpersonal values

- 9. Meeting the needs of others
 - a. A competitive free market was the first social system in human history to direct man's desire towards peacefully supplying greater quantities of goods and services for his fellow human beings.
- 10. Prioritizing the wants of others
 - a. By its very nature, competition prompts a company to improve everything it can to satisfy a customer.
Free market competition: not about destroying competitor, but about better satisfying consumers
 - b. The alternative to serving other people's needs through voluntary exchange is to try to control lives through use of force by government. – will never be as good at satisfying people's wants
- 11. Treating others humanely
 - a. The morality and justice of the free market system cannot be fully appreciated until its alternatives are observed.
 - b. Slavery, child labor, racism, sexism, and violence have declined as markets have commercialized, spread.
- 12. Truly helping the poor
 - a. Since free market systems are economically the most productive, they bring the most long-term help to the poor.
 - b. Opportunities: 98% of the poorest in the U.S. in 1975 had moved to higher income brackets by 1991, and among the next-highest 20% of earners, 78% had moved to higher brackets.
 - c. In a productive, growing economy, jobs are available, many poor people are able to begin to support themselves.
- 13. Promoting "lesser virtues": punctuality, courtesy, tidiness, and a job well done. (reflect Golden Rule: Matt 7:12)
 - a. Lawrence Harrison's studies: progress-prone cultures place higher value on these "lesser virtues."
 - b. Voluntary exchanges encourage higher standards and reciprocal relationships.
 - c. Free markets tend to reinforce general habits of respect for the convictions and preferences of others.

D. Promoting societal values

- 14. Promoting a peaceful and harmonious society
 - a. Dinesh D'Souza (202): New York City as example compared to Lebanon, Mogadishu, Kashmir, or Belfast.
 - b. Adam Smith was the first to see how impersonal, non-discriminatory free market seemed to protect everyone.
 - c. While a free market does encourage competition, it also encourages strong cooperation and social harmony.
 - d. P.J. Hill (Wheaton) (204) contrasts differences between *market solutions* and *political solutions* by comparing heated arguments of creationism versus evolution (political) against meat-eating versus vegetarianism (market).
 - e. Even among children: Sesame Street Parents' Guide story on toys belonging to group vs. individual children
- 15. Promoting a fair society
 - a. Under a private property regime, a person who injures another or damages another's property is responsible for the damages, and courts enforce their responsibility.
 - b. When people are accountable for their actions, individual freedom can be allowed. (this is why it's safe to drive)
 - c. Accountability with the protection of private property is consistent with what is found in the Bible.
 - i. People who damaged the property of others had to repay the neighbor, and, if the damage was intentional, had to pay an additional penalty (Ex 22:1-6).
 - ii. Respect for the property of others reflects an awareness of each person's equal value before God, based on equal creation in the image of God (Gen 1:26-27; 9:6; James 3:9).
- 16. Promoting a productive society
 - a. Productive societies not only have more resources to help the poor, they also have more resources for the benefit of everyone in those societies.
 - b. Increased wealth is a net addition to a country's GDP and hence to the economic well-being of the society.

E. Moral Objections to a free market system

- 1. Objection: free markets do not work

- a. Despite remarkable productivity in the last two centuries, many still raise the objection that free markets do not work (including President Obama, 207)).
- b. Compared to perfection, the free market is easy to criticize, but compared to any real-world example ever tried in the past, its virtues are unsurpassed.
- c. Alternatives, such as socialism, lead to government intervention in private actions and often ruthless dictatorship.
- 2. Objection: free markets depend on greed
 - a. Necessary to distinguish between 'greed' and ordinary self-interest.
 - b. Self-interest is a morally good thing, part of our creation in image of God.
 - i. It's why we work, sleep, eat, breathe! Also wash hands, buckle seat belt, pray for forgiveness.
 - ii. Adam Smith on butcher and baker, p. 208
 - ii. Self-interest may even lead someone to give to needs of others because giving carries its own reward.
 - iv. Jesus said, "It is more blessed to give than to receive" (Acts 20:35).
 - c. Greed is excessive self-interest in wanting more than you rightfully deserve or failing to care for the needs of others as well as yourself.
 - d. Greed cannot be prevented by laws and no economic system has eliminated greed from everyone in a society.
 - e. The free market is the most likely system to minimize greed's effects through reactions of the consumers.
- 3. Objection: free markets result in inequality
 - a. What kind of equality? A free market system best protects two crucial kinds of equality:
 - 1) equality before law; and 2) equal opportunity to attempt to succeed and protect one's situation in life.
 - 2) These are supported by biblical teaching that every human being is created in the image of God (Gen 1:26-27; 9:6; James 3:9).
 - b. Economic equality is a different question. Complete economic equality is impossible to create.
 - i. Individuals have differing skill sets, levels of willingness to work hard, intelligence, desires, and preferences.
 - ii. No society or economic system has ever produced strict economic equality among its population.
 - note horrible inequalities in Communist Cuba, N. Korea, former Soviet Union
 - c. Legislating economic equality harms an economy b/c it shifts capital from investment and jobs to unearned transfers and entitlements in developed economies, and to zero-sum, unproductive relationships.
 - i. But note: Some economic inequality is very wrong: if it nullifies equality before the law and equal opportunity to attempt to succeed and improve one's situation in life.
- 4. Objection: in some countries, free market system becomes "bad capitalism"
 - a. Baumol, Litan and Schramm discuss two kinds of capitalism that they define as bad (neither of which would qualify as a "free market" in our understanding).
 - i. *State-guided capitalism* - a government tries to guide the market, often by supporting particular industries.
 - ii. *Oligarchic capitalism* - the bulk of power and wealth in a nation is held by a few individuals and families.
 - iii. Such countries do not have meaningful equality before the law or equality of opportunity.
 - iv. These brands of so-called "capitalism" are not genuine free markets.
 - b. Some discussion of Gini coefficient (a standard measure of income of inequality) – several problems however
 - d. When economic power is widely diffused and millions of people can play a part in the free marketplace of goods and services, poverty has little chance to survive.
- 5. Objection: we don't need more "stuff"
 - a. Emphasizing econ. growth at first seems "unspiritual" from Christian standpoint (Luke 6:20), requires response:
 - b. First, material wealth should never become our highest goal (Eccl 5:10; Matt 16:26; Luke 16:13).
 - c. Second, poverty can be solved only when nations adopt productive economic systems.
 - d. Third, God wants human beings to not just survive on earth, but to flourish.
 - i. "The earth is the Lord's and the fullness thereof, the world and all those who dwell therein" (Ps 24:1).
 - ii. Stewardship is implied in the Ten Commandments (Ex 20:15).
 - iii. In Gen 1:26-28 the Hebrew word translated 'subdue' (Hebrew *kabash*) means to make the earth useful for human beings' benefit and enjoyment.
 - iv. Stewardship implies an expectation of human achievement in all areas in which we have been entrusted.
 - v. God has created us with *limited needs*, but *unlimited wants*. (many exx. of new products in last 100 years)
 - e. Greater prosperity does provide opportunity for temptation (Deut 8:11-18; 1 Tim 6:9; Luke 16:13; James 5:1-5).
 - i. Remember evils are not caused by increased prosperity, but are *temptations* that come along with it.
 - f. Conclusion: productivity and prosperity are morally good and provide another way we can glorify God.

Chapter Seven “The Government of the System”

Summary: If a country is going to move from poverty toward ever-greater prosperity, its leaders must use government power for the benefit of the people as a whole rather than for themselves.

- a. *The civil authority “is God’s servant for your good” (Rom 13:4).*
- b. *Government corruption is a significant cause of poverty.*
- c. *The Bible’s teachings provide amazing wisdom about how governments should be set up and function.*

A. Protection against corruption in the government

1. Rule of law: all people are equally accountable to the laws
 - a. This is the most basic guarantee that leaders will use their power for the benefit of the people as a whole.
 - b. Must also include the idea that the law has moral authority.
 - c. Biblical example (2 Samuel 11-12); Recent example in Honduras with the removal of President Zelaya (2009).
2. Fair court system: courts show no favoritism or bias, but enforce justice impartially
 - a. The courts are the primary means for guaranteeing that everyone in a nation is subject to the rule of law.
 - b. The Bible strongly emphasizes that judges must be fair and not pervert justice (Deut 16:18-20; Ex 23:3).
3. Absence of bribery and corruption in government offices
 - a. Again and again in the Bible officials are warned against taking bribes.
 - i. Ex 23:8; Pss 26:10; 82:2; Prov 15:27; 17:23; 24:23; Isa 33:15; Ezek 22:12.
 - b. Government officials should be reasonably compensated for their service, but laws should prevent them from becoming wealthy through 'gifts' or promises received while they are in office.
 - c. Bribery and thus corruption have enormously hindered economic development in Eastern Europe, pre-British India, and in many African societies.
 - i. Similar corruption is common in communist countries generally and in many Islamic countries.
 - d. The OT wisely warned against a powerful official such as a king becoming wealthy while in office (Deut 17:17).
 - i. Positive examples: Samuel (1 Sam 12:3-4); Paul to Timothy (1 Tim 5:21)
4. Adequate power of government
 - a. Governments must have enough power to maintain their own stability.
 - b. Italy, Spain, and Portugal and similarly Latin America in the 19th century experienced the problems of instability.
 - c. Acemoglu and Robinson emphasize that a "lack of centralization" in a government leads to disorder and poverty.
 - d. The Bible recognizes the evil that results when there is no effective government and anarchy prevails.
 - e. Judges 17-21 shows what happens when there is no effective government at all (Judg 17:6; 18:1; 19:1; 21:25).
5. Limited power of government
 - a. The power of a government must be limited enough so that it does not take too much freedom from the people.
 - i. Tradeoff between government power and individual freedom. (greater power = greater potential of corruption)
 - b. Historical examples of governments preventing economies from growing (China, Russia, African nations).
 - c. In the United States there are many provisions in the Constitution designed to limit the power of government:
 - i. 1) Freedom of speech, freedom of the press, freedom of religion, and freedom of assembly, 2) Freedom to petition the government for redress of grievances, 3) Right to bear arms, 4) Term limits for the office of president, and 5) Regular election of members of Congress.
6. Separation of powers in government
 - a. Haber, North and Weingast of the Hoover Institution (Stanford) note two principles for limiting government:
 - i. "First, a country must create mechanisms and incentives for different branches and levels of government to impose sanctions on one another if they exceed the authority granted to them by the law."
 - ii. "Second, these sanctions cannot be imposed in an arbitrary or ad hoc fashion."
 - b. US Constitution mandates a separation of powers to prevent any one branch from becoming too powerful/corrupt.
 - i. A three-way separation of powers at the national level.
 - ii. A separation of powers between national governments and the state and local governments.
 - iii. The prohibition of national military forces from doing law-enforcement work within the nation.
 - c. In the Bible several passages support the ideas of limited governmental power and separation of powers.
 - i. The OT gives many examples of kings who had unchecked power and abused it: Saul, David (2 Sam 11), Solomon (1 Kings 11:3-4; 10:14-20 cf. Deut 17:17), the divided monarchy (1-2 Kings; 1-2 Chronicles).
 - ii. The Bible also contains a number of positive examples of divided power: Tribes, clans and families in the OT, the calling of 12 apostles (Matt 10:1-4; Acts 1:15-26), shared roles as seen with Peter and James as the spokesman for the apostles (Acts 2:14; 3:12; 15:7; 15:13; 21:18; Gal 1:19; 2:9, 12), the Jerusalem Council (Acts 15:22), and government of local churches by elders (Titus 1:5; James 5:14).
7. Government accountability to the people
 - a. Regular, fair elections, free access to information about government actions and spending, and term limits for the most powerful offices all help to insure such accountability.

- b. Acemoglu and Robinson argue that nations succeed economically only when they have "institutions that distribute power broadly in society and subject it to constraints."
- c. Examples in scripture indicate that government works best with the consent of those who are governed.
 - i. Ex 4:29-31; 1 Sam 7:5-6; 1 Sam 10:24; 2 Sam 2:4; Acts 6:3.
- d. There are negative examples in scripture of tyrants who did not gain the consent of the people but ruled harshly.
 - i. Rehoboam (1 Kings 12:15), Pharaoh (Ex 3:9-10), Philistines (Judg 14:4), Nebuchadnezzar (2 Kgs 25:1-21).
- e. The Mayflower Compact (11-11-1620) mandated a government *by the consent of the governed*, and set a pattern.
- f. The same principles found fuller expression in the Declaration of Independence of 1776.
- g. Accountability of the government to the people explains much of the subsequent prosperity of the US.

B. Protections governments should provide

8. Protection against crime

- a. Crime is a disincentive for development and investment, both on a local and national level.
- b. A factor in the economic growth of the Scandinavian countries (19th cent.) was the atmosphere of "public order."
- c. The Bible teaches that prevention of crime is a primary responsibility of civil governments (1 Pet 2:14; Rom 13:4).
- d. If crime in a nation goes unpunished, evil will increase, creating an environment hostile to economic growth.
 - i. Note Eccl 8:11 (also Prov 17:15; Isa 5:22-23).

9. Protection against disease

- a. Epidemics of disease have economic implications in reducing productive work, hindering economic growth.
- b. Disease epidemics are not the cause of poverty in nations, but rather the result.
- c. Wealthy nations do not have epidemics of disease like those in poor countries as they are able to afford preventative measures as a consequence of economic growth.

10. Protection against the violations of contracts

- a. Landes says an economically productive society will seek to "enforce rights of contract, both explicit and implicit."
- b. Violation of contracts creates a hostile environment for businesses and business transactions (Ex 20:15-16).

11. Protection against violations of patents and copyrights

- a. If a nation decides not to protect patents and copyrights (i.e. China), it encourages people to steal (Ex 20:15).
- b. Price controls that prevent inventors from significant profits from their inventions stifles innovation and invention.
 - i. Seen in the pharmaceutical industry where most new drugs are developed by nations resisting price control.

12. Protection against foreign invasion

- a. If a nation is invaded and conquered by a foreign power, its wealth is plundered and its economic growth stymied.
- b. Government officials are to "punish those who do evil" (1 Pet 2:14; Rom 13:3-4).
- c. When Israel did evil, God allowed them to be conquered (Judg 6:3-6), but when they repented and prayed and obeyed God, he brought the blessing of deliverance (several times in Judges; see also 1 Sam 17).
- d. The result of the Lord's blessing was safety (1 Kgs 4:25), giving skill to soldiers to defend (Ps 18:34).
- e. In the NT believers are invited to pray for their government officials so that they will be protected (1 Tim 2:2).
- f. Examples of military conquest and tragic economic destruction: nations of Eastern Europe following WWII.

13. Avoidance of wars of conquest and civil wars

- a. Landes observes, "War is the most wasteful of uses: it destroys rather than builds."
- b. Wars of conquest/revenge bring destruction not only to the conquered but also to the invading nation.
- c. Cuba, North Korea, and Hussein's Iraq often use(d) war to justify repression necessary to control their subjects.
- d. In nations with 'extractive institutions,' there is economic incentive to wage war in order to take over gov't power.

14. Protection against destruction of the environment

- a. Economically productive nations must protect natural resources from careless human destruction.
- b. Through restricting information of ecological destruction, socialist economies often destroy the environment.
 - i. Examples: 1) Aral Sea in Kazakhstan and Uzbekistan, and 2) Chernobyl (Ukraine)
- c. "Tragedy of the commons" - Situations in which many individuals have the right to use a resource that is held in common by all, but no one has responsibility to care for it.
- d. The Bible teaches that God has given mankind responsibility for stewardship of the environment (Gen 1:28; Ps 8).

C. Things government should promote

15. Compulsory universal education

- a. Educated people bring benefits not only to themselves, but also to society in general.
- b. Economic progress is tied to levels of literacy in an economy and to the attainment of other types of education.
- c. In nations that remain in poverty, education is often limited to certain favored groups.
 - i. Education was one reason Scandinavian countries moved from poverty to prosperity from 1830 to 1913.
- d. In Protestant Northern Europe a by-product of Bible reading: emphasis on education that led to economic growth
- e. The Bible emphasizes the responsibility of parents to train their children (Deut 6:5-7; Ps 1:2).
- f. In Muslim nations of the Middle East illiteracy rates are high, much higher for women than men.
 - i. Universal education is resisted in some parts of Hindu culture where encouraging the poor to learn is sin.
- g. Technological and trade school education is also crucial for a nation's educational progress.

- h. Foreign language (esp. English) is important as those who cannot speak multiple languages are limited in econ. opportunities.
- 16. Laws that give protection and positive economic incentives to stable family structures
 - a. A child growing up in a family with both father and mother present is far less likely to end up in poverty.
 - i. 2009 US census: Poverty rate for single parents with children (37.1%) versus married family (6.8%).
 - b. In wealthy countries divorce is more common and children are increasingly born out of wedlock.
 - i. In poor countries the cause of single parenthood or orphans is generally disease or war.
 - c. Governments should adopt laws that provide incentives to getting/staying married and for raising children.
 - i. Note - nations should not recognize or promote same-sex relationships as a type of "marriage."
 - ii. Studies reveal they do not bring the same benefits to society, and encouraging such relationships may in the long run be economically harmful to a nation (contrary to moral standards of the Bible).
- 17. Laws that protect freedom of religion for all religious groups and give some benefits to religions generally
 - a. Religions generally teach good moral values to citizens, and bring good to society, including economic benefits.
 - b. Denial of freedom of religion means that many economically productive people are kept out of a country.

D. Conclusion

The government of a nation must protect against corruption in government; protect its citizens from forces and people who would harm them; and promote universal education, stable family structures, and freedom of religion.

Chapter Eight “The Freedoms of the System”

A. The importance of freedom for economic growth

1. Without these economic and political freedoms, no country will be able to move from poverty to ↑ prosperity.
2. Adam Smith (1776):

That security which the laws in Great Britain give to every man that he shall enjoy the fruits of his own labour, is alone sufficient to make any country flourish. . . . The natural effort of every individual to better his own condition, when suffered to exert itself with freedom and security, is so powerful a principle, that it is alone, and without any assistance . . . capable of carrying on the society to wealth and prosperity. (*Wealth*, 581)
- a. Landes: remarkable growth & prosperity in 17/18th century Britain linked to strong freedom & security
3. The *Economic Freedom of the World* index and the *2013 Index of Economic Freedom* show: strong correlation between economic freedom in a nation and the economic prosperity of that country.
4. Several arguments from the Bible support the idea that government should protect human liberty.
 - a. Slavery and oppression are always viewed negatively in Scripture (Ex 20:2).
 - b. Loss of freedom was a judgment, not a blessing (Deut 28:28-29;33; Judg 2:16-23; Isa 61).
 - c. Individual liberty, freedom to choose: prized in the Bible (Deut 30:19; Josh 24:15; Matt 11:28; Rev 22:17).

“I call heaven and earth to witness against you today, that I have set before you life and death, blessing and curse. Therefore choose life, that you and your offspring may live” (Deu 30:19 ESV)

Year of Jubilee: “proclaim liberty throughout the land to all its inhabitants.” (Lev 25:10 ESV)
5. U.S. Declaration of Independence: unalienable right to “liberty” was listed next to the right to “life.”
6. U.S. Constitution: one of most basic purposes of government → “to secure the Blessings of *Liberty*.”

B. The types of freedom government should protect (21 freedoms)

1. Freedom to own property (see also chs. 3 & 4; pgs. 114-116, 141-54) –the first, most basic economic freedom
2. Freedom to buy and sell
 - a. If there is no market for products, there is no production, and hence no economic growth (Ch. 2, pgs. 87-88, 96).
3. Freedom to travel and transport goods anywhere within the nation
 - a. For people and companies to contribute to a growing economy, they need easy access to large markets.
 - b. Compare Britain (open access; prosperity) during Industrial Revolution to Germany until 1834 (tolls; restrictions).
 - c. Roadblocks and extortion of money persist in a number of African countries today.
 - i. Robert Guest - 18 hour trip in Cameroon took four days and arrived w/ only 2/3 of original load. (p. 265)
→ economic harm: everything costs more
 - d. Such corruption produces no useful economic benefit, because people are not employed in productive work.
4. Freedom to relocate anywhere within the nation
 - a. If workers are free to move and take different jobs, they have some ability to bargain for higher pay.
 - b. Example - Russia (16-18th century) who “fixed their workers to the soil” leading to economic disaster.
5. Freedom to trade with other nations
 - a. The greater the number of trading partners, the more opportunities there are for gaining comparative advantage.
 - b. A main contributor to > two centuries - poverty in Japan: self-imposed isolation from foreign trade (p. 268)
 - c. Trade produces economic gain; gains produce higher incomes; incomes allow more buying, leading to more efficient production, leading to more trade.
 - d. Quotas and tariffs on traded goods raise the price the customers pay for products.
 - e. Paul Collier (World Bank) – both rich & poor countries must drop protectionist trade policies: urgent need to help econ. development of poor countries.
6. Freedom to start businesses (Q: what kind of organization provides the most new jobs, econ. growth?) →
 - a. Businesses provide the majority of jobs that pay for work and provide - market in which products can be sold.
 - b. In a growing economy: government will make it easy to start and grow legally documented business.
 - c. Acemoglu and Robinson note: Mexican gov’t protects the telecommunication monopoly of Carlos Slim.
 - i. Entry barriers such as expensive licenses, political red tape, funding restrictions, etc. (Peru: see p. 151)
 - d. Equally important freedom that gov’t must provide: the liberty to close businesses that are not earning money.
7. Freedom from excessive government regulation
 - a. Government control of businesses is extremely stifling in planned systems such as communist/socialist economies.
 - b. Total cost of government regulation on U.S. econ. 2010 was \$1.75 trillion (in \$15T econ) (Heritage Foundation).
8. Freedom from demands for bribes (sometimes euphemistically called “gifts” – but required)
 - a. For licenses, inspections; to police, judges, purchasing agents, etc.
 - b. an “all-pervasive net” that drags down economy, makes everything more expensive
→ many damages (p. 272)
 - c. All who purchase any product in a country are paying higher prices because the product has been “eased along.” even the people receiving bribes pay higher prices for goods of lower quality.
 - d. The Bible clearly condemns bribery (Ex 23:8; Deut 16:19-20; 10:17; 1 Sam 12:3; Prov 17:23; Eccl 7:7). (p. 273)
 - i. Solution: officials who “hate” bribes (Ex 18:21; 15:27). (p. 273) – society will change w/ 1000s of decisions/ day

- people need to realize that bribery is stealing
- e. In general, bribery- far more widespread in economically poor countries (ex. Indonesia – p. 275).
 - i. Bribery also found in oil-rich Muslim nations, some Asian countries (China) (see Corruption map, Fig. 2)
- 9. Freedom for a person to work in any job
 - a. Prosperous nations have no restrictions to any craft/occupation except as necessary to protect quality of work.
 - b. Douglass North ('93 Nobel Prize) - weak guild systems allowed England/Netherlands to industrialize more quickly.
 - c. Turgot (1727-81, France) argued against "government intervention in the economic sector."
 - d. Landes explains economic development in European countries was hindered by "organization of industry into guilds or corporations," which soon became "collective monopolies" that controlled entry into occupations.
 - e. Certain occupations require workers to attain high levels of competence to protect citizens (doctors, lawyers, etc.), but each society must ask whether the current standards are necessary to guarantee the quality of work.
- 10. Freedom for workers to be rewarded for their work
 - a. Forced labor results in less willingness, unfair compensation, lack of competition, and discouragement.
 - b. Examples include feudal plantations in Eastern Europe (see pgs. 116-118) and Egypt (1800's, cotton).
 - c. Gilder - "It is psychological forces that above all shape the performance of an economy with given resources."
- 11. Freedom for employers to hire and fire
 - a. Businesses can stay competitive only if they are able to keep their costs down.
 - b. Rules against firing employees generally → higher rates of structural unemployment in the long term. (France)
 - c. Government should provide some unemployment benefits to those who need help for a limited transition time.
 - d. → No nation will ever become productive by paying people to do nothing.
- 12. Freedom for employers to hire and promote employees based on merit
 - a. A business that has more skillful, reliable, and hard-working employees is more productive.
 - b. In many African nations nepotism – strong: difficult to eliminate in practice (Maranz).(p. 280)
- 13. Freedom to utilize energy resources
 - a. We need to be able to access the earth's resources in order to make them useful for mankind (Gen 1:28).
 - b. Environmental policies that are too strict prohibit wide use of the environment and hinder economic growth.
 - c. The time saved by mechanical devices is freed up for other uses, contributing to greater economic productivity.
 - d. Water power, coal, oil, natural gas, wind/solar (if without subsidies) all make a nation more productive.
 - e. Restrictions on energy (monopolies, government) hinder economic productivity – essentially, they are hoarded.
 - f. It is right to use energy resources found in the earth for our benefit, with thanksgiving to God (Gen 1:28; Ps 8:6).
 - g. "All economic [industrial] revolutions have at their core an enhancement of the supply of energy." - Landes
 - h. Landes notes the changes enabling the Industrial Revolution (Britain) were
 - 1) substitution of machines and 2) inanimate for animate sources of power.
- 14. Freedom to change and modernize
 - a. An ideally productive/growing economy knows how "to create, adapt, and master new techniques." - Landes
 - b. A cultural aversion to change - one reason China languished in poverty for centuries.
 - c. There is resistance to change in nations with tribal religions (superstition) and in Muslim nations (fatalistic).
 - i. Also note slow economic development of Latin America and in India (p. 285)
- 15. Freedom to access useful knowledge (freedom of information)
 - a. To move out of poverty and grow towards prosperity, a nation must allow new knowledge to spread freely.
 - i. Note the effect of the printing press (1439) within the Protestant Reformation versus Islam (Ottoman Empire).
 - b. Mechanical clocks (1275) allowed new methods to increase production but were resisted in China.
 - c. Note the knowledge obtained following the printing press - Columbus (New World), Vasco da Gama, Magellan, William Harvey (circulation of blood), Sir Isaac Newton (calculus).
 - d. Roman Catholic countries excluded many sources of knowledge during the inquisition (Harvey, Galileo, Newton).
 - i. "Iberia and indeed Mediterranean Europe...missed the train of the so-called scientific revolution." - Landes
 - ii. "Anti-Protestant backlash...sealed the fate of Southern Europe for the next 300 years." - Trevor-Roper
 - iii. Latin America suffered from the same mistakes, as Spain exported its exclusion of knowledge.
 - e. Economic growth of Europe during/after the Industrial Revolution was a result of "autonomy of intellectual inquiry."
 - f. Freedom to disseminate and access new knowledge esp. took hold in Protestant countries that emphasized "the priesthood of believers" and encouraged reading/interpreting the Bible.
 - i. Consistent with the personal ministry modeled by Jesus/apostles (Acts 2:14; 3:12; 5:21, 25, 42; 8:5-6; 9:28-29; 13:5, 14-16, 44; 14:1-3, 14,; 17:2-3, 10-11, 22; 18:4-5, 19; 19:8-10; 21:40; 24:10, 25; 26:1; 28:23,30-31).
 - ii. Early church was one of debate and sharing of information (Acts 15:7; 2 Cor 4:2; James 3:17).
 - h. A nation must allow people open and easy access to information and the ability to innovate and publish ideas.
 - i. Due to easier access to information, developing nations can leap-frog over processes that once took decades.
- 16. Freedom for all people to be educated (see ch. 7, pgs 253-256)
 - a. Access to education allows the opportunity to make a positive contribution to the economic production.
 - b. Education must be available to boys and girls alike, and to children from all racial and religious backgrounds.

17. Freedom for women as well as men
 - a. The Bible gives honor and value to women as well as to men (Gen 1:27; Prov 31; Gal 3:28).
 - b. We must emphasize the important role of mothers in raising and nurturing children.
 - c. In earlier centuries/agricultural societies women often contributed to the work of the farm while raising children.
 - d. 19th century Japan women, while caring for their households, still had an active role in "enforcing frugality, engaging in farming and industry, and building prosperity."
 - i. In 1870 girls were required to attend school and by 1910, 97.4% of eligible girls were attending.
 - e. Freedom for women must include the freedom to start and own businesses; to own property; to inherit; to buy and sell, and to negotiate contracts; to travel and relocate; to invent and profit; and access to knowledge.
 - f. Muslim society "accords women an inferior place (Landes)" and fails to develop economically apart from oil.
18. Freedom for people of all races and all national, religious, and ethnic origins
 - a. The Bible affirms the equality of all people as creatures made in the image of God and the moral wrong of discrimination (Acts 17:26; Gal 3:28; Rev 7:9).
 - b. Non-discrimination was a trait by which Britain profited greatly when unwanted people fled from other countries.
 - i. Spanish and British colonial settlers in North and South America differed in this respect.
 - c. Between 1821 and 1914, U.S. population grew from 10 million to 94 million (32 million were immigrants).
 - d. Roman Catholic countries of Latin America excluded Northern Europeans and most North Americans.
 - e. Examples of countries that allowed immigration, but maintained national prejudice: Balkans and Algeria.
19. Freedom to move upward in social and economic status
 - a. Individuals in an ideal society "would rise and fall as they made something or nothing of themselves." - Landes
 - b. During key years of economic development Britain/U.S. had a relatively large and prosperous middle class.
 - i. Contrasted with German lands, India, and Japan where social/economic movement was difficult.
 - c. Economic growth is stifled by structures and traditions that prevent social and economic mobility.
 - d. The concentration of wealth in the hands of a few privileged and powerful families stifles economic growth.
 - i. Landes notes this leads to a "school for laziness (or self-indulgence) over against a slough of despond."
 - ii. In such a system a free market is not allowed to operate and is a failure of the government.
 - e. Economic mobility in the U.S. is still a significant part of its strong economy today.
 - i. "80% of America's millionaires are first generation rich." - Stanley and Danko
 - f. "The poor" do not remain poor for the most part, and neither do the rich necessarily stay rich (fig. 3 after pg. 192).
 - i. Recent studies by the National Tax Journal and the Department of the Treasury affirm this.
20. Freedom to become wealthy by legal means
 - a. This is the opposite of the previous section, in which wealth is concentrated and opportunity restricted.
 - b. To produce more every person must be motivated to contribute to the increase in productive economic activity.
 - c. Nothing motivates a person as well as self-interest; the hope of earning more and bettering his own condition.
 - d. People must be able to see that a measure of financial success is possible (*actual evidence*).
 - e. In sub-Saharan Africa the economic goal is survival which leads to a constant "leveling" so that no one is able to get ahead. - Maranz
 - i. The result of believing economic equality is more important than economic growth is entrapment in poverty.
 - f. If a society focuses on envy or hatred of the rich (Marxist idea), it significantly hinders its economic productivity.
 - g. Every time a nation moves from poverty toward prosperity, some people will do better economically than others.
 - i. Very few become spectacularly successful, but they provide immense economic productivity for society.
 - i. "The teaching of the Bible would appear to be that it is not the amount of a man's wealth which matters; what matters is the method by which he acquires it, how he uses it and his attitude of mind toward it." - Catherwood
 - j. A nation must not confiscate wealth through punitive taxes, unjust court decisions, or social ostracism.
 - k. In nations where wealth is *through immoral means*, society must punish those criminals.
 - i. Pastors and spiritual leaders have an important role here (James 4:13,15; 5:1-6; Prov 23:4; 1 Tim 6:9-10).
 - i. A society that does not allow people the freedom to become wealthy, loses the benefits they would have brought.
21. Freedom of religion (implied in sections 15 & 18, see also ch. 7, pg. 258)
 - a. In order to prevent losses of knowledge and skill, a nation must establish and protect freedom of religion.

C. Conclusion

If leaders make up their minds to protect the freedoms outlined, it will release tremendous economic productivity.

Chapter Nine “The Values of the System” (Cultural beliefs that will encourage economic growth)

1. Cultural values in a nation determine what kind of economic system it adopts, what kind of laws and policies the government will have -- whether corruption is tolerated, freedoms protected, and growth rightly incentivized
2. Acemoglu and Robinson, *Why Nations Fail*, deny that cultural values have much influence on economic development of a nation. They say values are mostly "an outcome of institutions, not an independent cause." (PON, 310)
 - a. Response: Yes, institutions modify cultural values, but cultural values also create and modify institutions.
3. Acemoglu and Robinson focus on transforming “extractive” institutions (that just “take” from the nation) into “inclusive” ones (that include everyone in governing and prospering), but fail to explain what will motivate the necessary, broad coalitions they say will effect such transformation.
 - a. Their explanation comes down to mere luck. (“contingency”) (311-315)
 - b. Two examples they cite: William of Orange (from Netherlands, ruled England w/ Mary his wife, 1688-1694), and Seretse Khama (first president of independent Botswana, 1966-1980).
 - but they completely fail to mention his Protestant biblical training from grade school
 - c. Acemoglu and Robinson fail to mention many important cultural factors in growth (315)
4. Changing deeply held cultural beliefs is the most difficult of all solutions we discuss in this book.
 - a. That does not mean that beliefs and values can never be changed.
 - b. Lawrence Harrison (Tufts Univ.), *Culture Matters*: leaders w/in nations have brought about cultural change
 - c. In this area, religious organizations, especially Christian, can have a great influence for good.
5. "If we learn anything from the history of economic development, it is that culture makes all the difference."—D. Landes
 - a. Landes says lack of economic development in Middle Eastern (Muslim) nations: the reason lies "with the culture, which: 1) does not generate an informed & capable workforce; 2) continues to mistrust or reject new techniques and ideas that come from the enemy West (Christendom); 3) does not respect such knowledge as members do manage to achieve, whether by study abroad or by good fortune at home." (317)
6. Chap. 4: importance of private property rights. (part of economic system)

This chapter: The need for a society to believe that private ownership of property is morally right.
7. Chap. 7: Need government that serves for benefit of nation as a whole.

This chapter: Need for society to believe that purpose of government is to bring benefit to the people as a whole.

A. Belief about religious matters

1. The society believes that there is a God who holds all people accountable for their actions.
 - a. Produces individuals who act with honesty, care for others, keep promises, work diligently, and care about quality.
 - b. The Bible specifies one day all people will one day be accountable to God (Acts 17:31; 1 Pet 4:4-5).
 - c. Rampant evil in society is result of lack of belief in God and accountability to him (Rom 3:10-18).
 - "There is no fear of God before their eyes." (Rom 3:18)
2. The society believes that God approves of several character traits related to work and productivity.
 - a. Max Weber (German sociologist, 1904-05 essay): “The Protestant Ethic and the Spirit of Capitalism”
 - character traits inculcated by Protestantism were responsible for remarkable economic development of Northern European nations and the U.S.
 - D. Landes: “Max Weber was right on.” Landes notes emphasis on literacy, value of time, “new kind of man”
 - b. We would add more factors in Protestant view (most R. Cath. would also agree w/ these today): (321)
 - work as calling, able to read, honest and diligent, thrifty in time & money, invent & create as good, rational
 - c. GDP per capita based on primary religious background of a nation: Protestant (\$29.7K); Jewish (\$19.3K); Roman Catholic (\$9.3K); Orthodox (\$7K); Confucian (\$6.7K); Buddhist (\$4.8K); Islamic (\$3.1K); Hindu (\$2.4K).
 - d. **This is not “health-and-wealth gospel”** (if you have enough faith, you will be rich) but: obedience to biblical teachings in the conduct of gov’t and economic systems in a nation leads to increased prosperity.
 - The error: faith guarantees prosperity. (So wealth can easily be seen as indicator of faith!)
 - Poverty can result from many different factors. (incl. injustice, oppressive government, pers. tragedies)
 - Job, Jesus, Paul. See James: “has not God chosen those who are poor in the world to be rich in faith and heirs of the kingdom, which he has promised to those who love him?” (James 2:5 ESV)

B. Beliefs about moral standards

3. The society values truthfulness. (Ex 20:16; Col 3:9)
 - a. When buyers/sellers are in the habit of telling the truth and keeping their word, transactions run smoothly.
 - b. If culture tolerates lying, breaking one’s word: everything begins to break down (322)
 - c. Truthfulness in speech commonly disregarded in many African societies (Maranz).
4. The society respects private ownership of property.
 - a. A value clearly taught in the Bible (Ex 20:15,17; 22:1,5-6; Deut 22:1-4). – should not steal from rich or poor!
 - b. Property is not respected and stealing is an acceptable form of behavior in many parts of Africa (Maranz) (323)
 - i. Examples include a lack of precision in accounting and failure to repay loans (325), but Scripture: Ps 37:21.
 - c. Cultural acceptance of failure to respect private ownership of property: negative econ. consequences.
 - i. Destroys incentives, discourages lending, discourages employment.

5. The society honors other moral values consistent with the Bible
 - a. Honoring of parents, which is stronger in many African, Asian and Latin American nations (Ex 20:12; Eph 6:1).
 - i. Econ. significant because obedient children will develop better habits and be more productive adults.
 - b. Not murdering, b/c murder takes away the productive contribution of the victim (Ex 20:13).
 - i. Including abortion (Gen 25:22-23; Ex 21:22-25; Pss 51:5; 139:13; Lk 1:41-44).
 - c. Faithfulness in marriage = stable families, stable families = more productive children (Ex 20:14).
 - i. Also protects against AIDS and other sexually transmitted diseases.
 - d. Less covetous people spend more energies seeking personal economic achievement (Ex 20:17).
 - i. People are directed toward improving their own situations rather than destroying the situations of others.
 - e. "A job well done, tidiness, courtesy, and punctuality are lubricants of both the economic and politico-social systems. These "lesser virtues" "can translate into hard economic data." – Harrison (PON, 328)
 - i. "Punctuality is practiced in all top 15 countries on the World Economic Forum's competitiveness rankings."
 - ii. Tardiness costs Ecuador over 4% of GDP per year

C. Beliefs about human nature

6. The society believes that there are both good and evil in every human heart.
 - a. It is the person's responsibility to *decide* to do good and *decide* not to do evil.
 - b. The Bible teaches that there is a tendency to sin or evil, but also "common grace" (Rom 2:14-15; 3:19,23).
7. The society believes that individuals are responsible for their own actions.
 - a. Those who may make good choices should be rewarded through the ordinary ways in which a society functions.
 - b. People who make products of poor quality and low value should bear legitimate consequences of their poor work.
 - c. A society trapped in poverty may think those who succeed are simply lucky and moral accountability is minimized.
8. The society highly values individual freedom. (see chap. 8) (Ex 20:2; Lev 25:10; Lk 4:18).
 - a. If human freedoms are going to be effectively protected in a society, then the culture must love individual freedom.
 - b. Gov't under Islamic law tends to control every aspect of people's lives, hindering freedom & prosperity (- China?)
9. The society opposes discrimination against people on the basis of race, gender, or religion.
 - a. If non-discrimination is going to work, it is important that it be upheld not only by laws, but also by cultural belief.
 - b. Every human being shares in the exalted status of being "in the image of God" (Gen 1:26-27; 5:1; 9:6; Jas 3:9).

D. Beliefs about family

10. The society honors marriage between one man and one woman.
 - a. Adam and Eve were commanded by God (Gen 1:28) in marriage, setting its pattern (Gen 2:24-25; Matt 19:3-6).
 - b. Sexual faithfulness is an essential component, reducing STD's (Ex 20:14; Matt 19:18; Rom 2:22; 13:9; Jas 2:11).
11. The society values permanency of marriage and has a low divorce rate.
 - a. Single parent families are more likely to grow up with lower educational and economic achievement (Ch. 7).
 - b. Bible teachings encourage parents to think of marriage as a lifelong relationship (Matt 19:6; see also v.9).
 - c. Society should value children who are important for continued productivity (Ps 127:3; Mal 2:15; 1 Tim 5:14).
 - i. Japan and several European nations (such as Italy) are already discovering this.

E. Beliefs about the earth

12. The society believes that human beings are more important than all other creatures on the earth.
 - a. Jesus was clear in his teaching about the importance of humans compared to animals (Matt 12:12; 6:26; 10:31).
 - b. But the Bible also teaches regard for animal life (Prov 12:10) – but not over human beings
 - c. We should not allow important and economically beneficial development projects to be hindered or stopped simply because they might disrupt the homes of some turtles, snails, or fish as often happens in the U.S.
 - d. The correct approach is to weigh the costs and benefits of a development project.
 - e. If culture believes that earth is more important, then econ. development will be hindered and poverty perpetuated. (see PowerPoint slides for *Politics acc. to Bible*, chap 10, on use of environment)
13. The society believes that the earth is here for the use and benefit of human beings.
 - a. God put humans on the earth with the intention that they would develop it and make it useful (Gen 1:28; 2:15).
 - b. God expects humans to explore/develop the earth's resources to bring benefit to themselves and others.
 - i. *Kabash* (Heb) means "to subdue, dominate or bring into servitude or bondage" and is used later in connection with subduing the land of Canaan so it would serve and provide for Israel (Num 32:22,29; Josh 18:1).
 - c. Responsibility to develop the earth and enjoy its resources continued after sin (Gen 3:18; 9:3; Ps 8:4-8).
 - i. Eating meat is morally right (Rom 14:2-3; 1 Cor 8:7-13; 1 Tim 4:4, Mk 7:19)
 - d. This does not mean we should use the earth in wasteful/destructive ways (Pro 12:10; Deut 20:19-20; Matt 22:39).
 - e. One of the keys to the Industrial Revolution was the "Judeo-Christian subordination of nature to man (Landes)."
14. The society believes that economic development is a good thing and shows the excellence of the earth.
 - a. Sometimes culture opposes econ. development ("materialism!" "greed!" or: animistic religions, environmentalists).
 - b. A growing economy will encourage development of products from the earth. (Ps 115:6; 1 Tim 4:4-5). (338)
15. The society believes that the earth's resources will never be exhausted.
 - a. A society paralyzed by fear of use of resources will hinder its economic growth.

- b. Humans keep discovering huge new reserves or resources and are inventing more creative ways to access them.
see books by Bjørn Lomborg, Julian Simon, website of Cornwall Alliance
 - c. Human ingenuity gives us the ability to develop substitutes if any particular resource becomes scarce.
 - d. New resources and supplies are not surprising in light of the Bible's teachings (Gen 1:28, 31; 1 Tim 6:17).
16. The society believes that the earth is orderly and subject to rational investigation.
- a. Provides incentive for some people to work at large-scale invention and others to 'tinker' with small improvements.
 - b. This is consistent with the Christian worldview (Ps 111:2).
17. The society believes that the earth is a place of opportunity. (hopeful, optimistic view of the earth)
- a. A society that believes developing earth's resources is morally right and approved by God (Gen 1:28; Ps. 8:6-9; 24:1), will think of the world as a place of opportunity where hard work and inventiveness lead to benefit.

F. Beliefs about time and change

18. The society believes time is linear and there is hope for improvement in the lives of human beings and nations.
- a. Linear = history moves forward in a sort of "line" so that progress can be made.
 - b. The entire structure of the Bible argues for a linear approach (Matt 13:31-32; Acts 17:31).
 - c. Landes says the linear view was one of the factors that led to a joy in discovering new/better ways of doing things.
19. The society believes that time is a valuable resource and should be used wisely.
- a. This is consistent with the teachings of the NT (Eph 5:15-16).
 - b. The Protestant Northern Europe value on the use of time led countries to be more productive (Landes).
20. The society manifests a widespread desire to improve on life-to do better, innovate, and become more productive.
- a. To do things better than they have been done before -- reflected to some degree in NT (2 Cor 9:6).
 - b. To 'subdue' the earth implies a desire to learn more about it, innovate, invent and improve products (Gen 1:28).
21. The society is open to change, and the people therefore work to solve problems and make things better.
- a. People will be more eager to work to make things better and will risk to solve problems because they have hope that human efforts can change the history of a family, a factory, a city, or even a nation.
 - b. A society that has a fear of change or new ideas will find econ. progress hard to achieve (i.e. tribal societies).

G. Beliefs about work and economic productivity

22. The society honors productive work.
- a. A productive culture honors people who work as long as they are willing and able, believing the potential for new jobs is unlimited due to human creativity and inventiveness, and will teach these values to their children.
 - b. A society that is stuck in poverty will view work as a necessary evil (Hinduism, some of Islam) (346)
 - c. The Bible places a high value on productive work (Prov 10:4; 1 Thess 4:11-12, 2 Thess 3:6, 8, 10).
23. The society honors economically productive people, companies, inventions, and careers.
- a. Entrepreneurs who build companies, inventors and innovators, and careers that produce economic value.
 - b. A society in poverty will place little or no value people and careers that create and produce goods and services.
 - c. The Bible gives honor to those who are economically productive (Matt 25:20-22; Deut 28:1-14; Prov 31:18).
 - i. Contrasted with the disreputable "sluggard" (Prov 6:9; 13:4; 20:4). (Or: honoring "lucky" people – Lottery etc.)
 - d. In a productive society that honors econ. production emphasis will be on productivity, not equality. (350)
24. The society's business owners and workers view their companies primarily as means of providing customers with things of value, for which they will then be paid according to that value.
- a. This is the attitude that results if people genuinely internalize the "Golden Rule" (Matt 7:12; 22:39).
 - b. Societies where owners/workers' primary view is getting money, short sighted "selfishness" hinders productivity.
25. The society places a high value on saving in contrast to spending.
- a. A belief in thrift and frugality will lead to higher rates of giving as well as to higher rates of saving.
 - b. People are to work to support themselves and not depend on others (1 Thess 4:11-12; 2 Thess 3:6-12).

H. Beliefs about buying and selling

26. The society believes that mutual gains come from voluntary exchanges, and therefore a business deal is "good" if it brings benefits to both buyer and seller.
- a. Society must realize that buying/selling are normally not situations of exploitation, but rather win-win transactions.
 - b. Buyers/sellers will be happy not only in the value they *derive*, but also for the fact that they *give* some value.
 - c. The win-win perspective will apply to employer and employee relationships.
 - d. An attitude of hostility toward business tends to hinder econ. productivity and keep a nation trapped in poverty.

I. Beliefs about knowledge and education

27. The society values knowledge from any source and makes it widely available.
- a. Roman Catholic countries (Inquisition) and Muslim countries would not allow new information and fell behind.
 - b. Bible places a high value on acquiring knowledge (Prov 1:7; 8:10; John 8:44).
 - c. Ideal society would know how "to operate, manage, and build the instruments of production," and also how "to create, adapt, and master new techniques on the technological frontier (Landes)."
28. The society values a highly trained workforce.
- a. Growth of technical and scientific knowledge brought econ. development to Europe (Britain, Germany). - Landes

- b. In South America highly trained and skilled workers were not attracted or kept in the 18th-20th centuries.
29. Society assumes there must be a rational basis for knowledge and recognized channels for spreading/testing it.
- In the Industrial Revolution an important factor was the widespread acceptance of the scientific method.
 - A rational, verifiable process for knowing is important for poor nations if they are to overcome traditional methods.
 - Harmful examples: Haiti (voodoo), Islamic nations (prohibitions), China (totalitarianism), India (18th century).
- J. Beliefs about humility and the value of learning from others.**
30. The society demonstrates a humble willingness to learn from other people, nations, and members of other religions.
- Many nations have systematically excluded knowledge they could have learned from other nations.
 - Modern Japan offers remarkable example of econ. development b/c of willingness to learn from others.
- K. Beliefs about government**
31. The society believes the purpose of government is to serve the nation and bring benefit to the people as a whole.
- The Bible warns against the belief that gov't work/power are rightfully used to enrich oneself (see Ch. 7).
 - Examples of rulers who served the benefit of the people: Moses (Num 16:15), Samuel (1 Sam 12:3-4).
 - When society believes this, then serving in gov't is an honor, even if it comes with sacrifice (Rom 13:4).
 - Where officials believe gov't jobs are to enrich themselves, the nation will tolerate high levels of corruption.
32. The society believes that government should punish evil and promote good.
- Important so that gov't officials do not begin showing favoritism to evildoers (1 Pet 2:14).
- L. Beliefs about the nation itself**
33. The society values patriotism and reinforces a shared sense of national identity and purpose.
- Examples: Great Britain (Industrial Revolution) and Japan (late 18th century).
 - A sense of patriotism seems to be consistent with biblical values, but not a kind of "blind patriotism."
 - The Bible supports a genuine kind of patriotism in which citizens love, support, and defend their own country.
 - God has established the nations (Acts 17:26; Gen 12:2; 22:18; 10:32; Job 12:23).
 - The existence of many independent nations should be considered a blessing from God.
 - A benefit is that they divide and disperse government throughout the earth.
 - Christians are to obey and honor the leaders of the nations in which they live (1 Pet 2:13-14,17; Rom 13:1,4,7; Prov 24:21; Eccl 10:20; Jer 29:4-7)
 - With these factors in mind we would define patriotism more fully as including:
 - A sense of belonging to a larger community of people.
 - Gratitude for the benefits that a nation provides.
 - A shared sense of pride in achievements of others to whom one "belongs" as a fellow citizen.
 - A sense of pride for the good things that a nation has done.
 - A sense of security with respect to the future.
 - A sense of obligation to serve the nation and do good for it in various ways.
 - A sense of obligation to live by and to transmit to newcomers and succeeding generations a shared sense of moral values and standards that are widely valued by those within the nation.
 - The opposite is an attitude of dislike, scorn or hatred for one's nation, accompanied by continual criticism of it.
 - Anti-patriotic attitudes erode the ability of the nation to function and eventually undermine its very existence.
 - Even citizens of countries with evil rulers can retain a patriotism combined with sober/truthful criticism.
- M. Beliefs about economic, relational, and spiritual values**
- *34. The society counts family, friends, and joy in life as more important than material wealth.
- Financial well-being is never presented as the ultimate goal in life according to the Bible.
 - Relationships are more important (Ex 20:12; Eph 5:22-6:4; Col 3:18-21; Matt 22:39; Eccl 5:10)
 - If material prosperity is ultimate good, then greed, selfishness, bitterness, and frustration will characterize society.
 - The hope is that poor nations will retain this value as they also take the steps described in this book.
- *35. The society counts spiritual well-being and a relationship with God as more important than material wealth.
- To be truly wealthy a nation needs to have a widespread cultural belief that each person's spiritual health and relationship with God are far more important than economic prosperity.
 - Pastors have a crucial role in helping to move any nation from poverty towards greater prosperity.
 - Encouraging a balanced emphasis using the Bible as an authority that is more persuasive than economists.
- N. Conclusion**
- Far more important than prosperity is a person's relationship with God (Luke 16:13; Ps 73:25-26).

Part 2: Historical Overview of World Economic Development, Viewed from a Christian Perspective **(with much material taken from David Landes, *The Wealth and Poverty of Nations* (Norton, 1998))**

Note: Much of the entire outline that follows has been adapted from material in Landes's book, to which I have added a Christian perspective from the teachings of the Bible. I have not put footnotes to Landes in the outline but nearly all the historical material in what follows has been taken from Landes, except where otherwise noted. I intend this outline as an aid in teaching the Landes material in classroom lectures, and not as published material of my own. -- Wayne Grudem, 1-6-14

A. Christian influence on economies:

Historically the takeoff to sustained, continual economic growth occurred in the context of large Christian influence on societies and on economies

1. 1517: Martin Luther, "95 Theses" nailed to door of church in Wittenberg
2. The "Protestant ethic" followed, influenced Northern Europe (esp. England, then US)
[famous work: Max Weber, *The Protestant Ethic and the Spirit of Capitalism* (1905)]
 - a. "Secular" work as a calling from God (a "vocation")
Exodus 20:9 Six days you shall labor, and do all your work,
Genesis 1:28 And God blessed them. And God said to them, "Be fruitful and multiply and fill the earth and subdue it and have dominion over the fish of the sea and over the birds of the heavens and over every living thing that moves on the earth."
Genesis 2:15 The LORD God took the man and put him in the garden of Eden to work it and keep it.
-> people are to work in imitation of God, who works
Genesis 2:2 And on the seventh day God finished his work that he had done, and he rested on the seventh day from all his work that he had done.
 - b. Therefore people should do their everyday work as unto the Lord
Colossians 3:23 Whatever you do, work heartily, *as for the Lord* and not for men, 24 knowing that from the Lord you will receive the inheritance as your reward. You are serving the Lord Christ.
 - c. This high view of ordinary work was a contrast to the Roman Catholic view before the Reformation, and to Roman Catholic-dominated southern Europe, where the focus of service to God was seen in the priesthood, or in callings to be monks or nuns
(-> these careers produce essentially zero economic goods – goods that are traded in a market for money – and a society that makes these the highest calling will stagnate economically)
– this view will also fail to motivate people to excel in their ordinary, everyday work
 - d. Subduing the earth is pleasing to God (Gen. 1:28)
-> led to hundreds of discoveries and inventions, one after another, building on each other
- contrast to animism in many tribal religions, where people had to appease nature gods
- contrast to pantheism that views the natural world as God, that thinks that "untouched nature" is the ideal, the best state of affairs
(elements of this in Native American religions, and also in some modern environmentalism)
 - e. Personal character traits: people should be:
 - honest (Ephesians 4:25 Therefore, having put away falsehood, let each one of you speak the truth with his neighbor),
 - diligent (see Col. 3:23 above; Proverbs 18:9 Whoever is slack in his work is a brother to him who destroys);
 - thrifty (John 6:12 And when they had eaten their fill, he told his disciples, "Gather up the leftover fragments, that nothing may be lost"; 1 Corinthians 4:2 Moreover, it is required of stewards that they be found trustworthy.)
 - should not spend excessively on themselves (James 5:5 You have lived on the earth in luxury and in self-indulgence. You have fattened your hearts in a day of slaughter; see also Amos 6:4-6; Hebrews

13:5 Keep your life free from love of money, and be content with what you have, for he has said, "I will never leave you nor forsake you"; Matthew 6:24 "You cannot serve God and money.")

f. Result: these qualities led to capital accumulation in a whole society – more money to invest in better machines, bigger factories, more businesses – resulting in sustained economic development

→ in history before this time, many individuals had been hard working, honest, thrifty, creative, but *never before had any nation or religion made these the expected qualities of all people in the society*, and reinforced these expectations through community pressure, teaching, and discipline
→ thus, the Protestant Reformation changed society: "The heart of the matter lay indeed in the making of a new kind of man – rational, ordered, diligent, productive. These virtues, while not new, were hardly commonplace. Protestantism generalized them among its adherents" (Landes, 177).

Other Protestant (Biblical) teachings that encouraged economic development:

g. The universe was created by a rational, wise God
therefore it is orderly, and it can be investigated rationally

→ led to many discoveries, inventions

Psalm 111:2 Great are the works of the LORD, studied by all who delight in them. (inscription over door of Rutherford Laboratory in Cambridge)

scientific discoveries by Christians in Cambridge:

Isaac Newton: nature of gravity, nature of light, calculus

William Harvey: circulation of blood

Joseph Thompson: electron

h. Time is linear: it moves from beginning to end

(1) things will either get better or worse

(2) time is valuable, must be used wisely for God

Ephesians 5:16 making the best use of the time, because the days are evil.

(3) not: time is circular, things repeat themselves endlessly (tribal religions)

→ led to making good use of time, working for greater efficiency, productivity

i. Government power should be limited

Government is to serve people, benefit them; people do not exist to serve the king or the emperor

Romans 13:3 For rulers are not a terror to good conduct, but to bad. Would you have no fear of the one who is in authority? Then do what is good, and you will receive his approval, 4 for he is God's servant for your good. But if you do wrong, be afraid, for he does not bear the sword in vain. For he is the servant of God, an avenger who carries out God's wrath on the wrongdoer.

1 Samuel 12:3 Here I am; testify against me before the LORD and before his anointed. Whose ox have I taken? Or whose donkey have I taken? Or whom have I defrauded? Whom have I oppressed? Or from whose hand have I taken a bribe to blind my eyes with it? Testify against me and I will restore it to you." 4 They said, "You have not defrauded us or oppressed us or taken anything from any man's hand."

But Samuel warned of the harmful ways of a king if they insisted on one:

1 Samuel 8:11 He said, "These will be the ways of the king who will reign over you: he will take your sons and appoint them to his chariots and to be his horsemen and to run before his chariots. 12 And he will appoint for himself commanders of thousands and commanders of fifties, and some to plow his ground and to reap his harvest, and to make his implements of war and the equipment of his chariots. 13 He will take your daughters to be perfumers and cooks and bakers. 14 He will take the best of your fields and vineyards and olive orchards and give them to his servants. 15 He will take the tenth of your grain and of your vineyards and give it to his officers and to his servants. 16 He will take your male servants and female servants and the best of your young men and your donkeys, and put them to his work. 17 He will take the tenth of your flocks, and you shall be his slaves. 18 And in that day you will cry out because of your king, whom you have chosen for

yourselves, but the LORD will not answer you in that day." 19 But the people refused to obey the voice of Samuel. And they said, "No! But there shall be a king over us, 20 that we also may be like all the nations, and that our king may judge us and go out before us and fight our battles."

- j. People, not government, own the property of a nation
(=> protection of private property)
Exodus 20:15 "You shall not steal 17 "You shall not covet your neighbor's house; you shall not covet your neighbor's wife, or his male servant, or his female servant, or his ox, or his donkey, or anything that is your neighbor's."
- assumes private property
- k. Note what happens with this: If a nation has limited government and private property, it has capitalism (not socialism or communism)
and it has a free market economy (not a government-planned and government-directed economy)
- l. Equality of all people before the law, because all made in image of God (Gen 1:27) (therefore more equal opportunity, more economic mobility)
- no special privileges for a ruling class, or for nobles
- m. Universal literacy: people should be able to read the Bible (both men and women)
- n. Personal freedom, not subject to tyranny of government
therefore freedom to work, build, accumulate wealth
- o. Result: Other individuals in history had been hard-working, thrifty, and honest, but never before had these traits been characteristic of a whole society

3. First result: Industrial Revolution in ENGLAND: 1770-1870: ("changed the world")

per capita income doubled, then in next century multiplied 6 times

- a. Other nations imitated, but they took a long time to catch England
- b. Growth in productivity became permanent and cumulative

B. UNITED STATES quickly followed England, then surpassed it: By 1870, the United States economy was already the largest in the world (surpassed England), and no nation has ever caught up (though several now have similarly high per capita GDP)

(see last week's chart of % of world GDP)

C. Question: Are we teaching these Biblical values to our children, and are we teaching them in schools today, or will we forget them, take our wealth for granted, begin to decline economically relative to other nations?

D. When England and the U.S. became so wealthy, why did other countries in the world not keep up?

1. In 1750, the difference between the richest and poorest nations was a ratio of about 5:1

2. In 2000, the difference between the richest and poorest nations was a ratio of about 500:1

-> Why?? Why did poor nations not keep up with development?

-> the reasons are complex, but many are related to religious convictions and resulting cultural values

RELIGION -> VALUES ->

GOVERNMENT SYSTEM -> ECONOMIC SYSTEM

E. SOUTHERN EUROPE (esp. Spain and Portugal)

1. Early advantages

a. Wealth: Spain was the wealthiest, most powerful nation on earth in 16th century

1492: Columbus's discovery of America began huge Spanish empire in New World

- had seemingly unlimited gold from Central and South America

- sugar trade from Caribbean (slave-dependent)

b. Shipping: Spain had the world's largest, most powerful navy and fleet of ships for trading (until England defeated Spanish armada of 130 ships in 1588)

Portugal similar: in 15th cent. explored African coast, 1488 Bartholomew Diaz: around Africa to Far East (trade routes: spices, textiles): a great colonial and trading nation in 1400s and early 1500s

c. Geography: had sufficient land, strategic geographical location (access to Europe, to Mediterranean, to Atlantic)

2. Disadvantage: hot, dry (heat drains energy for work)

3. RELIGION: Roman Catholic

a. No freedom of religion: excluded Protestants, Jews

Inquisition in Spain: 1492 all Jews were required to leave Spain

1497: Portugal expelled Jews & Muslims (much of middle class)

1520's in Spain: Inquisition turned to seek and expel or execute Protestants

1536: Inquisition in Portugal

Encarta Encyclopedia, "Spanish Inquisition": "However, the costs of the Inquisition were high. Spain expelled many of its most economically important citizens, depriving the crown of a source of much-needed tax revenue. The church, with royal cooperation, also censored books, and students were prohibited from studying abroad to prevent the importation of Protestant ideas into Spain. These practices eventually cut Spain off from intellectual developments in Europe and turned Spanish universities into academic backwaters. This isolation made it more difficult for Spain to modernize in later centuries." (Microsoft® Encarta® Reference Library 2003)

Examples:

Wm. Harvey's (1578-1657) understanding of blood circulation, published in England in 1628: excluded

Galileo's (1564-1642) extensive scientific research showing that the earth rotated and moved around the sun: such Copernican writings were censored in Italy in 1616; Galileo was placed under house arrest, compelled to recant: 1633 (such knowledge not allowed in Roman Catholic countries like Spain, Portugal, France)

b. Dominance of priesthood, devaluing of "secular" work → stifled economic development

c. Less emphasis on freedom of inquiry, on discoveries and inventions in the natural world → stifled invention, innovation

d. Much less emphasis on literacy for whole population (because you only needed to listen to the priest's teaching, and lay people were not expected to read the Bible themselves)

contrast: Protestant Northern Europe, with strong emphasis on literacy for both men and women (and the inestimable value of having educated mothers for the next generation)

Rates of illiteracy in 1900:

England: 3%

Italy: 48%

Spain: 56%

Portugal: 78%

→ high illiteracy traps people in poverty, stifles economic development

4. CULTURAL VALUES

a. Too dependent on *resource wealth* (esp. gold), too little emphasis on *creating wealth* (subduing the earth through manufacturing, invention, technological development)

Spain in 16th-17th centuries was "cursed by easy riches and led down the path of self-indulgence and laziness" (Landes, 408) ... they "purchased the skills and services of others rather than learned to do things for themselves" (409: check quote: learned?)

5. GOVERNMENT

a. Excessive concentration of power in hands of king and nobility: leads to laziness, abuse

6. ECONOMY

- a. Excessive control of wealth by government (nobility) and church meant less opportunity for economic development by the private sector
- b. Large lower class population trapped in poverty with little or no property or opportunity: leads to discouragement, little effort to improve or excel (“why try?”)

7. GOD’S SOVEREIGNTY

- a. Possible judgment for opposing Biblical truths of Reformation, for Inquisition
Religious persecution in Spain, Portugal, Italy, “proved to be a kind of original sin,” and its “effects would not wear off until the twentieth century ... and not always even then” (Landes, 250)
- b. Possible judgment for slave trade, slave-dependent sugar plantations
- c. Possible judgment for horrific cruelty in suppressing Indian populations in Central and South America, attempting to advance Roman Catholicism by force rather than free invitation of Gospel

8. CURRENT PROSPECTS

- a. Spain became democracy in 1975; has joined European Union; per capita income now up to 14,398 per year (2000), compared to 36,182 US

F. LATIN AMERICA

1. Advantages: much land, water, resources

2. But failed to attain economic wealth for several reasons:

3. RELIGION

- a. Spain (and Portugal in Brazil) exported Roman Catholicism, with same values as in Spain
- b. Thus less emphasis on value of productive work, creating, inventing
- c. Roman Catholic Church viewed new ideas w/ suspicion (note Inquisition): stifled development

4. CULTURAL VALUES

- a. Early colonization by fortune-seekers who came to take (esp. gold, also silver, diamonds) not to develop and create
- b. Spain did not encourage families to emigrate to America
Ratio of male: female immigrants to Mexico was 10:1 (Landes, 312)
(by contrast: English colonies in North America came as families, so age distribution was similar to England (except fewer people over 60) (Landes, 311), and those who came were farmers, skilled craftsmen, merchants who came to develop and create, not to take and leave)
led to: immorality, even harems; mixed-race *mestizos* with assumed higher status than native population
- c. imported thousands of black slaves to Caribbean islands to work sugar plantations
- d. conscripted native Indians as slaves to work mines and plantations
- e. kept out Protestants, Jews, Muslims : excluded much talent, commerce, diversity
- f. Result: highly segmented society with a few wealthy, privileged rulers at the top controlling all wealth and power, the vast majority of population trapped in poverty without power or property
Pattern persists today: small, wealthy ruling class, many poor laborers
- g. 1810-1825 most colonies became independent (the last in 1898 w/ Spanish-American War) because of Spain’s weakness, not because of strength of colonies
left societies that knew only governments by despots, not ready to govern selves

5. GOVERNMENT

- a. Too much power concentrated in hands of few (largely ruled by strongmen, dictators); little individual freedom; government unstable, unpredictable
this stifles economic development because people have no guarantee they can enjoy the fruits of more work, new inventions, investment

6. ECONOMY

- a. A few large landowners have vast wealth: this system breeds laziness
very few small landowners; contrast early U.S. where millions of immigrants came to own small

homestead, develop property

b. Huge lower class: this breeds despair (little opportunity to advance – even today: see Hernando DeSoto, *The Mystery of Capital: Why Capitalism Works in the West and Fails Everywhere Else*)

c. Remained too reliant on commodity wealth (gold, silver, copper, cattle, timber) rather than emphasizing production, industrial development

(a successful economy must *produce* wealth, not just mine it or cut it down)

d. Lacking: craftsmen, tools, inventions, innovation, industry (comes from educated middle class)

7. GOD'S SOVEREIGNTY

a. Possible judgment for forcible suppression and exclusion of Biblical truths of reformation

b. Possible judgment for violent destruction or enslavement of native Indian populations

c. The effects of systemic sin in a society can persist for generations

d. The native Indian populations (esp. Aztecs and Incas), though they had developed cities, buildings, and extensive agriculture, still worshiped native gods, practiced human sacrifice, and were autocratic and war-like (thus not themselves morally innocent)

never developed written language, or the wheel (economic development thus limited)

G. NORTHERN AND EASTERN EUROPE (excluding England)

1. Advantages: land, resources, location (between Europe and Asia, Africa), moderate climate

2. RELIGION

a. Eastern Europe: Roman Catholic or Eastern Orthodox (and some Muslim: see below)

b. Both Catholicism and Orthodoxy shared similar clergy-dominant views that failed to place sufficient value on secular work, subduing the earth, creating and producing wealth; also failed to emphasize education for the masses of people: left a large, uneducated peasant class

c. Northern Europe, Scandinavia: Protestant

3. CULTURAL VALUES: depends on whether Catholic or Protestant

4. GOVERNMENT

a. Eastern Europe: Excessive power concentrated in hands of a few (nobles, lords)

5. ECONOMY

a. Eastern Europe: Majority of population were serfs tied to the land, not free to move

- Small ruling class became lazy, did not become economically productive themselves

- Medieval system hindered growth

b. Germany: society segmented into lords (rich), peasants (poor), merchants (could not own land), and craftsmen

(1) craft guilds protected monopolies, stifled competition, thus stifled innovation, invention, improvement: opposed machines, opposed change, prevented entry

(2) tolls: port tolls, river tolls, road fees: hundreds of them

- hindered transportation, growth

- essentially: extortion (provided no economic benefit)

- forced shipping off rivers (cheap) onto roads (bumpy, expensive): economically harmful

- not abolished in Germany until 1834

- England: most abolished by 15th century: therefore, England had largest national market, freedom of transportation

- similar today: “checkpoints” on roads in African countries: adds huge expense to products, brings no economic benefit

c. Russia: “a huge prison” from 16th century to end of 20th century (1990) (Landes, 240)

1917: traded prison guards (from nobility, tsars, to Communist leaders)

peasants were near slaves

d. Rest of Eastern Europe: similar to Russia, not as extreme, but serfdom persisted (in varying degrees), then after WW II Communist domination: Poverty reigned from Romania (poorest) to Poland and East

Germany (a little better) to Hungary, Czechoslovakia (least poor)

e. Communism outside of Europe: Has trapped other countries in abject poverty: N. Korea, Cuba (state-directed economies, state-owned means of production and state ownership of all property)

f. Scandinavia (Protestant): had factors that prepared it for rapid economic development

peasants were free, had opportunities

property rights were secure, not confiscated by government

literacy high (effect of Reformation again)

political stability

public order

free enterprise allowed to flourish (individual economic freedom, little control by government)

g. Holland (Protestant): among the world's wealthiest nations, dominant in trade approx. 1676-1776

shipping and trade to East Indies: spices, some textiles

fell behind England after 1776: aversion to risk, to change; but still comparatively wealthy

6. GOD'S PROVIDENCE

a. Blessing on areas where Biblical truths of Reformation had influence

(Germany: mixed situation: not sure of influence)

b. Lack of development in nations that rejected Reformation

H. MUSLIM NATIONS

1. Advantages

a. Control of huge areas of world: Muhammad fled from Mecca to Medinah in 622 (= Muslim year 1), and from 622 to 1500: Muslim control spread over much of Mid-East, Africa, Asia, some of Europe

high point of influence: 1197: Muslim armies drove Christian crusaders back to the sea [where?]

b. Controlled land trade routes in center of known world

c. Leadership in science, many fields of academic study

"from about 750 to 1100, Islamic science and technology far surpassed those of Europe" (Landes, 54)

d. But by 1600, Muslim nations had fallen far behind Europe - in knowledge, in military power, in economic development

e. Today: no Muslim country has significant economic production (oil wealth is just living off resources, not creating and producing new wealth for the world)

2. RELIGION

a. Islam: meaning "submission"

b. Breeds fatalism, passivity (destroys desire to improve, invent, create, even to work hard)

c. Lacks high value on subduing the earth, making it productive and useful for human beings

d. No freedom of religion: therefore excluded Christian, Jews, by force

e. Cut themselves off from intellectual, technological development (= economic suicide)

example: prohibited the printing press (Landes, 52): huge mistake

rejected any new ideas that did not come from Muslim clerics (pride)

f. Islamic religion always advanced by force (military conquest)

but war is destructive to a society - it does not create wealth

g. In academic world, Muslim societies came to suppress vigorous debate, open investigation - became very totalitarian

stifled academic, technological, thus economic development

3. CULTURAL VALUES

a. Valued destructive behavior (wars of aggression, violence, even suicide attacks in "holy war") rather than constructive

b. Valued passivity ("submission" to the will of Allah) rather than active production

c. Advancement of Islamic rule (and also today: destruction of Israel) takes priority over economic

development; thus, arguments based on economic benefit/loss are not persuasive

[Landes story, p. 410: “first of all, to defeat Israel. Prosperity could follow”]

d. Education: “the rates of illiteracy are scandalously high, and much higher for women than for men” (Landes, 410-411).

4. GOVERNMENT

a. Totalitarian governments control all of life based on Islamic religion

- thus lack the God/ Caesar separation found in the New Testament

b. Too much power concentrated in one place: leads to abuse

c. “Rich or poor, [Muslim] countries are without exception despotisms, where leaders are not responsible, actions are unpredictable, loyalty is a ruse or a mirage of propaganda, and everything, including the economy, is subordinated to politics” (Landes, 410)

5. ECONOMY

a. Lack of religious freedom leads to lack of economic freedom

b. Horrible denial of education, freedom, economic rights to women

Landes, 411: “the best clue to a nation’s development potential is the status and role of women”

- excludes women from many economically productive roles (contrary to Prov 31)

c. A few wealthy rulers (despots) and the vast majority trapped in poverty with essentially no opportunity to advance

d. Oil wealth today: like Spain’s reliance on gold in 16th century: it is a depleting resource, dependence on it breeds laziness, passivity; removes the incentive for productive work; thus, dependence on resource wealth erodes the economic well-being and eventually also the strength of a nation

e. Islam “does not generate an informed and capable workforce”; “continues to mistrust or reject new techniques and ideas that come from the enemy West”; and “does not respect such knowledge as members do manage to achieve, whether by study abroad or by good fortune at home” (Landes, 410).

6. GOD’S PROVIDENCE

a. The use of murder and violence to advance Islam (throughout history, from the fourth century) is doubly evil: it is promoting a false religion that keeps people from the one true God, and it leads to the destruction of many non-Muslim lives (including many Christians).

b. It seems likely that God has providentially given judgment, not blessing, to nations that follow this course, and it is likely that he will increasingly do so, especially to nations that actively persecute and kill Christians (example: Sudan)

c. Yet God’s judgments during this period of history (Pentecost to Second Coming) do not immediately remove all evil from the world, and people and groups committed to violence and destruction will often do tremendous damage before they are stopped

7. The present-day situation in Iraq (after turnover to Iraqi leaders 6-28-04)

a. The question is who will prevail: militant Islamic fundamentalists (who are more in line with historic Islamic teachings) or more “secular” Islamic moderates (who are tired of violence and war and do not advocate violent means to advance Islam, and who may only be nominally committed to Islam)

b. In some supposedly Islamic countries today, more moderate or secular forces have prevailed, at least with regard to foreign policy (Turkey - 99.8% Muslim; Pakistan - 96.7% Muslim; Egypt - 85.4%; Qatar - 95%; Kuwait - 89.9%; Jordan - 94%; Morocco - 99.8%; Mali - 86.3%). [Statistics from Patrick Johnstone, *Operation World*, 1993 edition and need to be updated with 2001 edition; also see *CIA World Factbook*, 2000 edition]

- though their record on religious freedom is not good (much persecution of Christians)

c. Encouraging signs: Iraq currently has potential for avoiding many of the economically destructive policies of some Muslim nations (as mentioned above):

(1) It is not excluding non-Muslims from living and working in Iraq.

(2) It does not have a totalitarian government that tries to dominate all aspects of life.

(3) It does not have all power and wealth concentrated in the hands of a dictator or a few people.

- (4) It is not pursuing a national policy of violent aggression to advance Islam.
- (5) It is not putting the goal of destroying Israel ahead of national well-being.
- (6) It is promoting education and widespread literacy.
- (7) It has started with a limited government that allows for a free-market economy that will reward work, not rank or privilege. (Sept. 15, 2003: Paul Bremer lowered all personal and corporate taxes to maximum of 15% - in practice, is a flat tax of 15%.)
- (8) It will probably not depend only on resource wealth for prosperity (oil).
- (9) Note that if a nation has limited government and widespread ownership of private property (free market, rule of law), it can become reasonably prosperous, and can continue to increase in GDP/capita, even if it does not become one of the richest nations of the world.
 the hope: that human desire for reward will overcome traditional Islamic doctrine that promotes passivity in life – again, hope for a “secularized” Islam
- (10) My expectation: it will work. (Though militant Muslims world-wide will continue to try to disrupt it and stop it. They know that a successful, peaceful, economically growing Iraq would be a huge model and challenge for other Islamic nations. And this is President Bush’s hope: to transform the middle-East’s worst Islamic dictatorship and greatest threat to us into a functioning free-market economy with a non-oppressive government, and thus to change the course of history.)
 [this would be a good thing to pray for: all sides would “win” if this works]

Conclusions at this point:

1. Influence of the dominant religion in a nation is huge:
 Religion → cultural values → government → economy
2. In the centuries after the Reformation began in 1517, Biblical principles about work, government, economic freedom, subduing the earth, personal moral conduct, brought increasing economic development in Northern Europe, especially in Britain and then even more in the United States
3. But countries that resisted, suppressed, or opposed Biblical teachings, and that persecuted Protestant Christians, experienced economic stagnation or decline in varying degrees.
4. Once a country experiences sustained economic development, much of that wealth has persisted for centuries even after large majorities in some countries no longer have any vital Christian faith (the moral standards, economic values, and views of limited government initiated by Reformation Christianity have largely remained even among generations that are no longer Christians)
5. Questions:
 - application to United States today?
 - application to other countries with significant Christian populations today, especially in government?
 - application to countries with very few Christians?

I. CHINA

1. Advantages
 - a. Many early inventions: paper (2nd cent.), printing (9th century, vs. 1452-1456 for Gutenberg Bible printed w/ movable type in Europe), gunpowder (11th cent., spread to Europe by 14th century; Europeans perfected, made powerful cannons and guns by 16th cent.), porcelain, silk, compass
 but: inventions did not receive widespread use due to government dominance of all of life: printing never “exploded” as in Europe: all-powerful government did not encourage widespread printing, Confucianism “discouraged dissent and new ideas” (Landes, 51); and government leaders valued gunpowder mostly for fireworks.
 Also: Chinese language had 2000-40,000 separate characters vs. 26 letter alphabet for movable type in English.
 - b. Much land (9.60 million sq. km. = over 99% of continental U.S. 9.63 million sq. km), water, rich in

natural resources

c. A culture that traditionally placed a high value on work

d. "From the 7th to the 14th century A.D., China had the world's most advanced civilization" (... Encarta Encyclopedia)

- was the world's richest, most populous nation: other nations came to trade, to learn of Chinese inventions.

[-> But what happened?]

2. RELIGION: (influence of religion not so clear in China)

a. Traditional religions: Mixture of Confucianism, Taoism, Buddhism, and Chinese folk religions.

- These religions did not encourage scientific research, openness to change, development (thus resisted knowledge from West)

b. Since 1949 (Communist revolution under Mao Zedong): Communism attempted to wipe out all religion, but Christianity is growing rapidly.

3. CULTURAL VALUES

a. China thought of itself as the center of the universe (name "Middle Kingdom" or "Celestial Empire")

b. Did not think it needed to learn from rest of world (lacked national or cultural humility)

(1) did not explore rest of world (1405-1430 built huge ocean-going ships, then emperor decided exploration not needed; in 1551 "it became a crime to go sea on a multimasted ship, even for trade" (Landes, 96)

even when they did travel, "They went to show themselves, not to see and learn; to bestow their presence, not to stay They were what they were and did not have to change" (Landes, 96).

(2) resisted new technological, scientific ideas from West (fell far behind)

(3) "Isolationism became China the Celestial Empire purred along for hundreds of years more, impervious and imperturbable. But the world was passing it by" (Landes, 98).

(4) Cultural pride, sense of superiority to rest of world, was costly: economy remained primarily agricultural, vast majority remained poor peasants

4. GOVERNMENT: various emperors and imperial dynasties ruled China from about 1500 B.C. - 1912 (first republic) and many emperors sought to control all aspects of life.

a. "Even when the state did not take, it oversaw, regulated, and repressed" (Landes, 35).

b. Too much power in one place: no division of powers, no God/Caesar separation of realms of authority as in New Testament.

5. ECONOMY:

a. Little individual freedom under emperors or under Communists (1949 until 1978, then stayed Communist but gave significant *economic* freedom to individuals, households, factories, and small businesses under Deng Xiaoping; GDP *quadrupled* from 1978-1998).

b. Similar problem to southern Europe, eastern Europe, Russia, Latin America, Muslim nations:

- a small elite that controls most of the wealth becomes lazy and corrupt

(example: the Forbidden City in Beijing, home to emperors)

- the vast majority trapped in poverty become discouraged and lack incentive to try to do better (why try?)

- economy stagnates

c. No private property: emperor-owns-all system common in Oriental nations (contrast Europe both North and South, private property rights restricted influence of kings)

- destroys incentive, ability to accumulate wealth

6. GOD'S SOVEREIGNTY

a. Early inventions a result of curiosity, intelligence, and delight in invention but not out of sense of obedience to God's command to subdue earth. They did not understand the purpose for inventions: to help mankind, and to use with thanksgiving to God.

- b. Emperors who take the place of God and try to dominate all of life do not receive God's blessing
- c. Almost no Christianity (no worship of one true God through Jesus Christ) through most of China's history: did not receive economic blessings that came after the Reformation (1517-) to Protestant northern Europe and U.S.
- d. Very interesting that amazing growth in China's economy (starting 1978) has occurred at same time as amazing growth of church in China (starting 1977), even though government persecuted the church, drove much of it underground.

7. CURRENT PROSPECTS

- a. "The growth of the church in China since 1977 has no parallels in history" (Patrick Johnstone, *Operation World*, 1993 edition, 164). Perhaps 30 - 100,000,000 Christians in China today (2% - 8% of 1,300,000,000 population; *Operation World* figure was 6% in 1993).
- b. Growth rate of China's population: 0.6%/ yr. Growth rate of Christians: 9% / year. (CT Jan 13, 2004)
- c. Remarkable economic growth since free-market reforms began in 1978 (increasingly, decisions on production and prices driven by market, not by central planners).
- d. Dangers:
 - (1) Politics: will government thirst for power squash economic freedoms?
 - Communist leaders today (China, Cuba) probably don't believe in Communism, just in staying in power
 - (2) Debt: large bad debt problem internally, many unknowns with bank loans
 - (3) Not following the rules of the rest of the world: Will long tradition of cultural pride, sense of superiority, allow a destructive sense that it doesn't have to play by the rules?
 - "Of course the Chinese publishers of your book won't obey copyright laws."
 - "60% - 80% of accidents I investigate that are caused by defective materials have materials made in China"
- e. Will God give more blessings to China? (economic growth, religious and political freedoms) Or will it repress the church even more and incur God's judgment?
Or will it become an aggressor in the world, seeking control over more and more nations or economies?

8. EFFECT ON U.S.

- a. We are all wealthier today (we can buy much more for same amount of \$) because of imported manufactured goods from China.
- b. And the Chinese people are wealthier today because we buy those goods. (win-win).
- c. Within the U.S., this involves *change*, but probably not *loss*: U.S. continues to invent, develop new jobs, new companies, new products: and that process can go on forever (because of a God-given drive to invent, create, make new goods and services in subduing the earth).

J. INDIA

- 1. Advantages: Land (3.29 million sq. km. = 34% of 9.63 million continental U.S.), water, natural resources.
 - a. For centuries, India was a land of legendary wealth (spices, gems, textiles):
 - b. Christopher Columbus was seeking another route to India when he discovered America.
 - c. Muslim traders by land, then by sea came Portuguese (1497: Vasco da Gama), Dutch, British traders around Cape of Good Hope
 - d. Disadvantages: diversity: many languages (approx. 180), regions, people groups: hard to govern
 - e. Failed to turn its advantages to widespread economic wealth for several reasons:
- 2. RELIGION: today 79% Hindu, 12% Muslim, 2% Sikh, 4% Christian, 1% Buddhist
 - a. Hinduism:
 - (1) counts animals as sacred: animals then become economically destructive
 - "the nation's estimated 4.8 billion rats ... outnumber humans by 8 to 1. India's rats are believed to eat or destroy almost half the grain consumed in India - 100 million tons; moreover, the rats are disease carriers [rats] are considered sacred - and thus inviolable in some regions" (*Time*, May

31, 1976, p. 15).

- 200,000,000 holy cows.

- opposite of God's command to "have dominion ... over every living thing that moves on the earth" (Gen. 1:28): this is animals having dominion over man

[similar to allowing mosquitoes to breed freely in Phoenix!]

(2) Caste system fundamental to Hindu religion perpetuates superiority of minority Brahmin caste (5% of population) and other upper castes (11%) over vast majority of lower castes, including 15% untouchables.

(3) thinks of suffering as punishment for wrongs done in previous life: this destroys incentives to care for lower classes, allow them opportunities. Also: denies them hope, incentive.

One reason why no industrial revolution came to India as it did to Britain in 1770-1870: "no one seems to have had a passionate interest in simplifying and easing tasks. Both worker and employer saw hard labor as the worker's lot - and as appropriate" (Landes, 227).

b. Islam: long history of violent conflict with Hindu majority. (1947: Pakistan was separated from India as a Muslim country.)

3. HISTORY

a. Ruled by Mogul Empire (invading Muslim conquerors) from Babar (1526) until mid-1700's, but in fact there was little national identity or unity; local princes had most of the power.

1500s: Portugese, Dutch, and increasingly British trade outposts gained more and more influence over local princes; Mogul empire's power was fragmenting

b. Battle of Plassey, 1757: British East India Company accountant Robert Clive w/ 3000 troops defeated Mogul army of 50,000 near Calcutta. (4 British deaths, 500 Mogul: most withdrew). Changed history.

1757-1858: East India Company essentially ruled India.

1858-1947: British government (through appointed viceroys and governors) ruled India

c. 1947: independent country (Ghandi, Nehru): the world's largest democracy

d. Influence of British colonialism: built roads, ports, railroads, telegraph, telephone, irrigation systems. More significant: 200 years of rule of law (following British system), not of despots.

4. ECONOMY

a. Historically under Mogul rulers: no private property

- local rulers could take whatever they wanted

- wealthy merchants hid wealth, kept in gold, precious gems (secret)

b. Another version of classic recipe for economic stagnation:

- small wealthy elite, masses trapped in poverty (and some with hidden wealth that could not be enjoyed, or used to invest and grow factories, companies: that was left to the British)

- Today: a fairly large upper class: India has millions of affluent, highly educated people, plus perhaps 300,000,000 in middle class (= 30% of population): caste system benefits the higher castes!

- lower classes remain desperately poor, perhaps 100,000,000 starving (10% population)

c. Caste system today is forbidden by constitution of India but 80% of population still follows it: high social barriers separate the castes (there are actually 6400 castes!)

- 80% of Christians are from lower castes

5. GOD'S SOVEREIGNTY

a. Destructive, dehumanizing effects of false religion seen clearly in Hinduism in India.

b. Another example of poverty when nations do not follow God's commands regarding government, property, equality of all human beings

K. JAPAN

1. Few natural resources but strong nationalism, high value placed on work

2. History

1192-1868: ruled by shoguns (military generals) with nominal allegiance to emperor

1868-1945: ruled by emperor

1945-1952: Allied occupation

1952-present: constitutional monarchy (hereditary emperor) with most power in elected parliament

3. History of trade & economy

1543 Portuguese ships arrive, then other Europeans; Japanese start converting to Christianity

1612: shogun Tokugawa Ieyasu banned Christianity: all Christians violently killed (300,000 - 700,000)

1630s: Japan outlawed all foreign trade. 1637 no Japanese could leave country.

1863-64: British, Dutch, French, American ships blasted open Japanese harbors; trade resumed

1867-1912: pursued modernization with great zeal; economy and military grew in power

1904-05: defeated Russia in war

1910: annexed Korea

1937: occupied most of China

1941: bombed Pearl Harbor (a bad mistake); 1945: surrendered

1960's-1990's: amazing economic growth (slowdown in 1990s)

4. RELIGION

a. Shinto: 80% believe in it, practice ancestor worship (diverse: w/ influence of Buddhist and Confucian teachings)

b. Buddhist: 58% claim to be; 20% practice (many: both Buddhist and Shinto practices)

c. Christian: 2.5%, not growing, not much influence

d. A form of Buddhism that emphasized work rather than wealth: "All occupations are Buddhist practice: through work we are able to attain Buddhahood [salvation]" (Landes, 363)

5. ECONOMY

a. Strong work ethic, work became a religion (similar result to Protestant ethic, but with no balancing emphasis on rest, on worship of God)

"The record of early industrialization is invariably one of hard work for low pay" (Landes, 381)

b. Eagerness to learn from other nations: a great asset (delegations traveled to U.S., England, to learn about factories, machines, then returned and tried to make them better) (contrast China, Muslim nations)

c. Strong, fairly prosperous middle class throughout much of its history

d. Intense sense of group responsibility (don't let your team down: a lazy worker hurts his family, his nation)

e. Intense national pride, desire for national superiority, ruthless drive to succeed

f. "[Japan] was the first non-Western country to industrialize, and it remains to this day an example to other late bloomers" (Landes, 381).

g. Why does Japan keep trade barriers so high, forego the benefits of free trade and lower prices?

→ their goal is not lower prices and more wealth, but rather "The goal is market share, increased capacity, industrial and military strength" (Landes, 474).

6. GOD'S PROVIDENCE

a. Following a strong work ethic, plus ruthless pursuit of innovation, continual improvement in manufacturing, intense community (company) sense of duty: will produce economic growth

- this does not disprove Weber's thesis (Protestant ethic and spirit of capitalism) but shows that similar results come from similar cultural values

- Japan shows that a country does not have to become predominantly Christian to prosper economically

- I think that the "Protestant ethic" argument still stands: a country that follows Christian values, especially and Biblical teachings on work, government, the economy, and the earth *will* prosper economically – and spiritually, if it follows whole Bible.

b. Japan as a nation is materially rich but spiritually poor: it has not experienced the amazing growth of the Christian church seen in China, S. Korea, Indonesia, Philippines

c. Will probably continue to be a strong world economy (second only to U.S. in total GDP)

- competition is not bad for U.S. either! (our cars now last longer)

L. AFRICA

1. ADVANTAGES

- a. Land, water, vast natural resources.
- b. Egypt: one of the world's great ancient civilizations
- c. Most geneticists and anthropologists think human life originated here (Garden of Eden here?)

2. DISADVANTAGES: significant

- a. Heat (saps energy for work)
- b. Disease (hard winters in northern Europe killed off many diseases, pests)
- c. Irregular water supply in many areas; some land so hard that cultivation nearly impossible
- d. Native animals not as easy to domesticate
- e. Northern Africa: under Muslim domination (see section P above)
- f. Sub-Saharan Africa (Africa south of Sahara desert): cut off for centuries from contact with Western Civilization

Sahara Desert stretches across North Africa: 1000 miles wide, 3200 miles long

9.1 million sq. km. (= 94% of 9.63 million sq. km. of continental U.S!)

- g. Diversity: hundreds (thousands?) of languages, tribes. Transportation difficult in vast interior.
- h. Recently: AIDS a vast, tragic problem

3. RELIGION

- a. North Africa: predominantly Muslim
- b. Sub-Saharan Africa: mixture of tribal religions, Christian (varies by country)
- c. But tribal beliefs, customs persist even where many Christians

4. GOVERNMENT

- a. Historically, ruled by tribal chiefs
- b. 1860s: All Africa came under rule of European colonial powers (England, France, Belgium, Holland, Germany), except Liberia (U.S. founded) and Ethiopia (Italy tried, failed to conquer)
- c. 1960's: most, eventually all African nations became independent
- d. Usual (universal?) pattern in modern Africa: rule by one man: dictator, strongman
 - continuation of tradition of rule by a tribal chief
 - too much power concentrated in one person: leads to corruption, abuse
- e. Government office seen as means to personal wealth, and expectation of hiring and enriching one's own family and tribe (the extension of tradition of tribal chief gaining wealth from people?)

(1) Proverbs 28:15 Like a roaring lion or a charging bear is a wicked ruler over a poor people.

examples:

- Mobutu Seko in Zaire (former Belgian Congo): billions of dollars in Swiss bank accounts.
- Ex-president of Central African Republic: \$5 billion in Switzerland.
- bribery common, expected (because any government office is seen as means to wealth)

(2) Contrary to view that government should serve the people, exists to bring benefit to people, not to rulers (Rom 13:3-4; 1 Sam. 12:3-4; contrast 1 Sam 8:11-20, above)

(3) Contrast expectations of American people regarding those in government office

- could not buy dinner for Congressman
- could barely give \$12.99 book (my cost under \$10) to White House staff
- Connecticut Governor John Rowland had to resign (June 21, 2004) because he accepted renovations to summer cottage

5. ECONOMY

- a. Tribal ownership of land prevents private ownership of property:
 - thus prevents economic development (people cannot borrow using land as collateral; private

individuals cannot develop resources to build significant businesses, factories)

- similar results to Communism (no private property), Oriental despotisms (where emperor owned all), parts of Latin America (few people own all land; impossible for masses of poor)
- similar problem in Native American tribal ownership: traps people in poverty
- contrary to assumption of private ownership in Exod. 20: 15, 17

b. Tribal traditions and expectations of equal sharing of possessions hinder capital development

- nobody can accumulate much wealth (need to share); can't build larger factories or businesses that create much wealth and many jobs
- value on community, on general equality: perhaps helpful in agrarian

c. Extortion common: highway "checkpoints" to collect "tolls"

- zero economic benefit; rather, a loss to economy (like road tolls in Germany up to 1834)
- gaining wealth by taking rather than by creating, making something useful

d. The earth: human beings seen as needing to appease nature gods in tribal religions [need to verify this]

- lacks Gen. 1:28 perspective on having dominion over earth, on value of subduing the earth to make useful for mankind

e. Following independence, many African countries veered toward socialism, government controlled economy: hinders development

f. Specific problems:

(1) Zimbabwe (former Rhodesia): President Robert Mugabe is confiscating all property owned by whites (driving economy into ruin).

(2) South Africa: President Thabo Mbeki shows signs of similar tendencies; blatantly discriminatory regulations (favoring black South Africans, discriminating against whites) are increasing in severity and scope.

- similar to Spain & Portugal driving out Protestants, Jews, Muslims, and excluding them from early Latin America: you lose a highly productive segment of the economy
- also the isolationism of China and Japan
- also the exclusion of non-Muslims in Muslim nations
- all such policies lead a nation toward poverty

6. CULTURAL VALUES (broad generalizations, since Africa is so large and diverse)

a. Not a high value placed on creating wealth, gaining wealth

- becoming wealthy is thought "unspiritual" by many Christians

b. Not a high value placed on time

- influence of cyclical view of time in traditional tribal societies
- results in value placed on long conversations; less value on using time in economically productive ways; less value in meeting at agreed time
- contrast Bible's view of time as linear; need to "redeem" time

7. OTHER FACTORS

a. Wars frequent: economically destructive, discourage investment

- Much of this is due to Muslim aggression, not reported as such in media

b. Health: AIDS, other diseases prevalent: huge economic loss because men in midst of productive years become ill (requiring other family members to stop work and care for them), can no longer work, then they die

- perpetuated by superstition, tribal myths

- rapidly spreads due to widespread male promiscuity, female "circumcision," some birth control methods (Landes, 12)

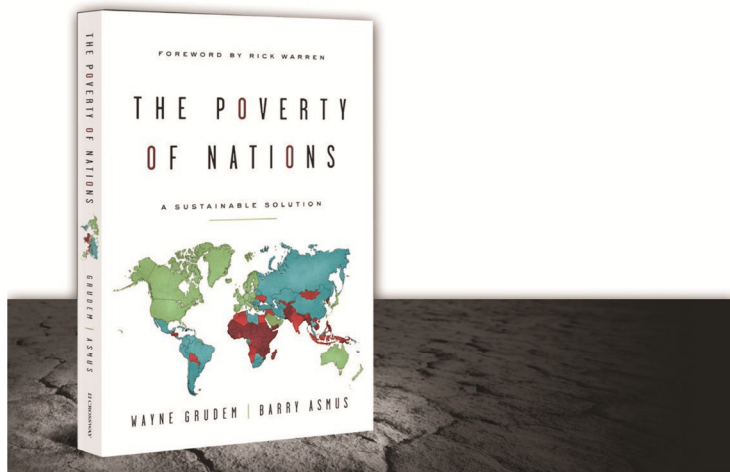
8. GOD'S SOVEREIGNTY

a. Countries not influenced by Protestant Reformation (and to some extent even by OT Judaism and its

- values) seem to have remained economically poor (also Native American populations)
- b. But will God bless these countries now, since so many have large numbers of Christians?
 - depends on whether African countries will change old traditions, begin to follow Biblical principles re: government, private property, rule of law, value of creating wealth
 - c. Some positive signs: Uganda, Botswana, perhaps some others

M. CONCLUSIONS

1. Why do poor countries remain poor? History shows several patters repeating over and over, all of which are contrary to the Bible's teachings and principles:
 - a. Government: too much power in hands of few; no effective checks on power of rulers
 - rulers confiscate wealth, or continually threaten to do so (India)
 - rulers see power as means of gaining wealth, not as means of helping whole society
 - b. Property: owned by rulers or nobility or elite, not by vast majority of people
 - c. Earth: not seen as to be subdued in obedience to God, but appeased
 - d. Creativity: Not enough value placed on inventions, on creativity. Too much value placed on taking wealth (or, in Western societies, redistributing it, not creating it).
 - e. Classes: Wealthy, powerful elite vs. masses trapped in poverty
 - f. Education: lack of universal literacy
 - g. Discriminatory: discriminate against, or even exclude, certain religions, races; or discriminate against women
 - h. Encouraging envy of the rich rather than trying to imitate them.
2. What can be done to help poor countries?
 - a. "History tells us that the most successful cures for poverty come from within. Foreign aid can help, but like windfall wealth, it can also hurt. It can discourage effort and plant a crippling sense of incapacity No, what counts is work, thrift, honesty, patience, tenacity" (Landes, 523)
 - b. Blaming past history does not solve current problems ("colonialism," "imperialism")
 - c. In most poor countries, centuries of customs and traditions, centuries of ways of thinking, will have to be abandoned in favor of Biblical views of work, property, government, wealth, equality of all people, learning from other nations.
 - Matt. 5:6: "for the sake of your tradition you have made void the word of God"
 - 1 Peter 1:18 knowing that *you were ransomed from the futile ways inherited from your forefathers*, not with perishable things such as silver or gold, 19 but with the precious blood of Christ, like that of a lamb without blemish or spot.
 - d. Such changes cannot be imposed from without but can only be brought about by heroic leaders from within poor countries themselves, leaders who will place the good of the country above that of themselves or their families and friends and bring about long-term change.



THE POVERTY OF NATIONS: A SUSTAINABLE SOLUTION Wayne Grudem and Barry Asmus, (Crossway, 2013)

APPENDIX: A Composite List of Factors That Will Enable a Nation to Overcome Poverty

A. The Nation's Economic System (details in chap 4)

1. The nation has a free-market economy. (131–221) 2. The nation has widespread private ownership of property. (141–54)
3. The nation has an easy and quick process for people to gain documented, legally binding ownership of property. (149–54)
4. The nation maintains a stable currency. (155–58)
5. The nation has relatively low tax rates. (158–62)
6. The nation is annually improving its score on an international index of economic freedom. (162)

B. The Nation's Government (details in chapter 7)

1. Every person in the nation is equally accountable to the laws (including wealthy and powerful people). (225–26) 2. The nation's courts show no favoritism or bias, but enforce justice impartially. (227)
3. Bribery and corruption are rare in government offices, and they are quickly punished when discovered. (227–29)
4. The nation's government has adequate power to maintain governmental stability and to prevent crime. (229–30)
5. There are adequate limits on the powers of the nation's government so that personal freedoms are protected. (230–33)
6. The powers of the government are clearly separated between national, regional, and local levels, and between different branches at each level. (234–36)
7. The government is accountable to the people through regular, fair, open elections, and through freedom of the press and free access to information about government activities. (236–39)
8. The government adequately protects citizens against crime. (239–41)
9. The government adequately protects citizens against epidemics of disease. (241–42)

10. The nation's legal system adequately protects people and businesses against violations of contracts. (242–43)
 11. The nation's legal system adequately protects people and businesses against violations of patents and copyrights. (243–46)
 12. The government effectively protects the nation against foreign invasion. (246–48)
 13. The government avoids useless wars of conquest against other nations. (248–50)
 14. The nation's laws protect the country against destruction of its environment. (250–52)
 15. The nation requires universal education of children up to a level where people are able to earn a living and contribute positively to society. (253–56)
 16. The nation's laws protect and give some economic incentives to stable family structures. (256–57)
 17. The nation's laws protect freedom of religion for all religious groups and give some benefits to religions generally. (258)
- C. The Nation's Freedoms (details in chapter 8)**
1. Everyone in the nation has freedom to own property. (263)
 2. Everyone in the nation has freedom to buy and sell goods and services, so that there are no protected monopolies. (263–64)
 3. Everyone in the nation has freedom to travel and transport goods anywhere within the nation. (264–67)
 4. Everyone in the nation has freedom to relocate anywhere within the nation. (267)
 5. Everyone in the nation has freedom to trade with other countries without dealing with restrictive quotas or tariffs. (267–269)
 6. Everyone in the nation has freedom to start and register a business quickly and inexpensively. (269–271)
 7. Everyone in the nation has freedom from expensive and burdensome government regulations. (271–72)
 8. Everyone in the nation has freedom from demands for bribes. (272–75)
 9. Everyone in the nation has freedom to work in whatever job he or she chooses. (275–77)
 10. Every worker in the nation has freedom to be rewarded for his or her work at a level that motivates good job performance. (277–78)
 11. Every employer has freedom to hire and fire employees based on job performance and changing business cycles. (278–79)
 12. Every employer in the nation has freedom to hire and promote employees based on merit, regardless of family connections or personal relationships. (279–80)
 13. Everyone in the nation has freedom to use the earth's resources wisely, and particularly to utilize any type of energy resource. (280–84)

14. Everyone in the nation has freedom to change and adopt newer, more effective means of work and production. (284–85)
 15. Everyone in the nation has freedom to access useful knowledge, inventions, and technological developments. (285–291)
 16. Everyone in the nation has freedom to be educated. (291–92)
 17. Every woman in the nation has the same educational, economic, and political freedoms as men. (292–93)
 18. Everyone in nation, from every national, religious, racial, and ethnic origin, has the same educational, economic, and political freedoms as those from other backgrounds. (294–97)
 19. Everyone in the nation has freedom to move upward in social and economic status. (297–300)
 20. Everyone in the nation has freedom to become wealthy by legal means. (301–7)
 21. Everyone in the nation has freedom to practice any religion (307)
- D. The Nation's Values (details in chapter 9)**
1. The society in general believes that there is a God who will hold all people accountable for their actions. (318–19)
 2. The society in general believes that God approves of several character traits related to work and productivity. (319–22)
 3. The society in general values truthfulness. (322–24)
 4. The society in general respects private ownership of property. (324–26)
 5. The society in general gives honor to several other moral values. (326–29)
 6. The society in general believes that there are both good and evil in every human heart. (329–30)
 7. The society in general believes that individuals are responsible for their actions. (330–31)
 8. The society in general highly values individual freedom. (331–332)
 9. The society in general opposes discrimination against people on the basis of race, gender, or religion. (332)
 10. The society in general honors marriage between one man and one woman. (333–34)
 11. The society in general values permanency of marriage and has a low divorce rate. (334–35)
 12. The society in general believes that human beings are more important than all other creatures on the earth. (335–36)
 13. The society in general believes that the earth is here for the use and benefit of human beings. (336–37)
 14. The society in general believes that economic development is a good thing and shows the excellence of the earth. (337–38)
 15. The society in general believes that the earth's resources will never be exhausted. (339–40)
 16. The society in general believes that the earth is orderly and subject to rational investigation. (340–41)
 17. The society in general believes that the earth is a place of opportunity. (341)
 18. The society in general believes that time is linear and therefore there is hope for improvement in the lives of human beings and nations. (341–42)
 19. The society in general believes time is a valuable resource and should be used wisely. (342–43)
 20. The society in general manifests a widespread desire to improve on life, to do better, to innovate, and to become more productive. (343–44)
 21. The society in general is open to change, and people therefore work to solve problems and make things better. (344–45)
 22. The society in general gives honor to productive work. (345–48)
 23. The society in general gives honor to economically productive people, companies, inventions, and careers. (348–50)
 24. The society's business owners and workers in general view their companies primarily as means of providing customers with things of value, for which they will then be paid according to that value. (350–51)
 25. The society in general places a high value on savings in contrast to spending. (351)
 26. The society in general believes that mutual gains come from voluntary exchanges, and therefore a business deal is "good" if it brings benefits to both buyer and seller. (351–53)
 27. The society in general values knowledge from any source and makes it widely available. (353–54)
 28. The society in general values a highly trained workforce. (354–55)
 29. The society in general assumes that there must be a rational basis for knowledge and recognized channels for spreading and testing knowledge. (355–56)
 30. The society in general demonstrates a humble willingness to learn from other people, other nations, and members of other religions. (356–57)
 31. The society in general believes that the purpose of government is to serve the nation and bring benefit to the people as a whole. (358–59)
 32. The society in general believes that government should punish evil and promote good. (359)
 33. The society in general values patriotism and reinforces a shared sense of national identity and purpose. (359–64)
 34. The society in general counts family, friends, and joy in life more important than material wealth. (364–66)
 35. The society in general counts spiritual well-being and a relationship with God as more important than material wealth. (366–67)