

Chapter 9a – Government and Economics: Private Property, Development, Money Supply, & Regulation

What should be the role of government regarding a nation's economic system? How should government treat private property? Should the government encourage economic growth and development? How much should the government regulate various means of production?

A. *Private property: Government should both document and protect the ownership of private property in a nation*

1. Relevant Biblical Teaching

a. The Bible regularly assumes and reinforces a system in which private *property belongs to individuals*, not to the government or to society as a whole

“You shall not steal” (Ex. 20:15)

“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” (Ex. 20:17)

“You shall not move your neighbor's landmark, which the men of old have set, in the inheritance that you will hold in the land that the Lord your God is giving you to possess” (Deut. 19:14).

It shall be a Jubilee for you, when *each of you shall return to his property* and each of you shall return to his clan (Lev. 25:10).

b. The Bible also contains many laws concerning punishments for *stealing* and restitution for damage of another person's property (for example, see Ex. 21:28-36; 22:1-15; Deut. 22:1-4; Deut. 23:24-25).

c. This puts the Bible in direct opposition to the dehumanizing Communist system advocated by Marx

“The theory of the Communists may be summed up in the single sentence: abolition of private property.” (Karl Marx, *Communist Manifesto*, p. 23)

- When private property is abolished, then government controls all economic activity.

- When government controls all economic activity, it essentially controls all of life, and human liberty is destroyed

d. Private property is never viewed as an *absolute* right in the Bible, because all property is ultimately given by God

“The land shall not be sold in perpetuity, for the land is mine. For you are strangers and sojourners with me” (Lev. 25:23).

The earth is the LORD's and the fullness thereof, the world and those who dwell therein (Ps. 24:1; compare Ps. 50:10-12; Hag. 2:8).

e. Yet property is regularly said to belong *to individuals*, not to the government, society, or nation as a whole. Note the evils of a king who gets too much power:

¹⁰ So Samuel told all the words of the LORD to the people who were asking for a king from him. 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" (1 Sam. 8:10-18; see 1 Kgs 21:1-29).

f. Possessing private property gives us many positive opportunities:

- To imitate God's attributes and thus reflect something of his glory on the earth (See Eph. 5:1)
- To test what is in our hearts
- To give thanks to God for what he has provided to us (see Col. 3:15; 1 Tim. 6:17)

2. Practical application for today

a. Many “capitalist” countries have no effective free market system regarding private property because nearly all property is controlled by a few wealthy individuals who can influence laws to limit the ownership of property

b. Their citizens are trapped in poverty every bit as much as they would be if they were living in a Communist society.

- Legal ownership of property or a business is effectively impossible for the vast majority of the population in many third-world countries.

- One of the most important factors for economic development of a nation is a system where ownership of private property is *easily documented* and *publicly known*. (see Hernando de Soto, *The Mystery of Capital*)

c. Threats to private ownership of property are increasing at the highest level of government:

- The Federal Government acquired a near controlling interest in some of the nation's largest banks
 - It forced Chrysler Corporation into an agreement by which a large share would be bought by Fiat and a controlling interest in the company would be held by the UAW.
 - It effectively acquired a controlling interest in General Motors, such that President Obama could recommend the resignation of the president of GM, and immediately the president of GM was gone
 - Congress has passed legislation that would lead to government control of the nation's health care system, which comprises approximately 17.6% of the nation's GDP
 - The Supreme Court decided that government could use the power of eminent domain to transfer *private* land to another *private* owner (*Kelo v. City of New London*, 2005).
- d. There is an increasingly burdensome weight of government regulations on how people can use their property.
- Environmental lawsuits kept the government from being able to proceed with procedures to stop wildfires, leading to the loss of many homes and damage to much private property
 - Developers find that oppressive environmental regulations and lawsuits keep them from developing their own land for many years and greatly increase their building costs.
 - President Clinton, by executive order, classified millions of acres of private property in the western United States as protected land that could not be bought or sold or developed (Executive Order 13061)
 - Millions of additional acres of land are being confiscated by the current Congress and effectively removed from private use forever
 - In many ways, the Federal Government is behaving in much the same way that Samuel warned the king in Israel would behave when he acquired too much power: "He will *take* He will *take* He will *take* He will *take*" (see 1 Sam. 8:10-18).
- Conclusion: The fundamental issue at stake in the battle for ownership of private property in a nation is the issue of human liberty. When the government takes over people's property, such liberty is largely forfeited.

B. Promoting economic development: Government should promote healthy economic development in a nation

1. The Issue

- a. One of the primary responsibilities of government is to act as God's servant to "do good" for the citizens of a nation (see Rom. 13:4), or, in the words of the U. S. Constitution, to "promote the general welfare" of a nation.
- b. Objection: "Christians should not promote economic growth because that is materialism, and materialism is evil."
- c. Response:
 - Economic growth *in itself* is not morally evil, or simply the result of wrongful "materialism," nor do I believe that
 - Economic growth is not even morally "neutral,"
 - Economic growth is, in itself, morally good and part of what God intended in putting human beings on the earth.
 - It is right that government should promote it.

2. Relevant Biblical Teaching:

a. The initial command:

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" (Gen. 1:28).

- The word translated "subdue" is a Hebrew term meaning "to subdue, dominate, bring into servitude or bondage." (See Num. 32:22, 29; Josh. 18:1; 2 Sam. 8:11).
 - God wanted them to investigate, understand, use, and enjoy the resources of the earth! They were to do this as God's image-bearers, and with thanksgiving to God.
 - This implies that *developing and producing more and better goods from the earth* is not simply a result of sin, greed or wrongful materialism, but is something God planned for human beings to do.
- b. One of God's blessings was increased productivity from the earth, and one of his curses was that he would hinder their productivity, make their work painfully laborious, and ultimately send famine on them
 - c. Some places in the prophets foretell a future time of even greater productivity with much material blessing (see Isa. 35:1-2; Joel 3:18). Greater productivity will accompany times of greater blessing from God.

"Cursed is the ground because of you; in *pain* you shall eat of it all the days of your life; *thorns and thistles* it shall bring forth for you By *the sweat of your face* you shall eat bread, till you return to the ground" (Gen. 3:17-19).

⁷For the LORD your God is bringing you into a good land, a land of brooks of water . . . ⁸a land of wheat and barley . . . a land of olive trees and honey, ⁹a land in which *you will eat bread without scarcity*, in which *you will lack nothing* . . . ¹⁰And you shall eat and be full, and you shall bless the LORD your God for the good land he has given you (Deut 8:7-10; see also Deut. 11:10-17; 28:1-68).

- d. NT reminders to help the poor imply that poverty is something that we need to work to overcome (see Gal 2:10; 1 John 3:17).

- e. The NT looks forward to a time when the earth will be renewed and regain amazing productivity and the fruitfulness it had in the Garden of Eden before the curse (See Rom. 8:21; Rev. 21:10-26).
- f. Jesus was a carpenter (see Mark 6:3) and Paul was a tent maker (see Acts 18:3; 2 Thess. 3:7-8); an occupation of producing and selling goods from the earth is right and pleasing in the sight of God.
 "For everything created by God is good, and nothing is to be rejected if it is received with thanksgiving" (1 Tim. 4:4; cf. 6:17).
- g. Conclusion: One of God's purposes for human beings from Genesis to Revelation has been that we should *produce useful things from the earth*, things which we *enjoy* and for which we therefore give thanks to God.

3. An Objection:

- a. Production and ownership both result in many temptations, particularly the temptation to set our hearts on things rather than on God.

"You cannot serve God and money" (Matt. 6:24)

b. Response:

- *Temptations to sin* must not cause us to think that material goods are evil in themselves,
- Surely it is not evil but *good* for a nation to continually *increase* its production of goods and services, for this is what God intended human beings to do on the earth,
- This is the only long-term solution to poverty in a nation.
- God has created us with a strong internal desires to create, develop, and produce things from the earth
- When the wealth of a nation increases, it also becomes easier for people to fulfill many of God's other commands
- The Bible never encourages people to *seek* to be poor or to make others poor, but rather to help and care for those who are poor (see Gal. 2:10; 1 John 3:17), and seek to help them come out of poverty.

► Conclusion: It is morally *right* for governments to seek to increase the economic productivity of a nation.

C. *Government should establish and maintain an effective money supply for a nation*

1. The Value of a Dollar

- a. Money is *good in itself* because it enables people to buy the goods they need and sell the goods they produce on the basis of a standard item on which everybody agrees about the value.
- b. Without money, most modern business transactions would effectively become impossible.
- c. Very few people now are able to produce everything they need for themselves, so *we need money to buy and sell*, and thus enjoy the benefits of things that other people have produced.
- d. This forces us into personal interactions with others in which friendship and a level of trust can be developed, and honesty and integrity can be demonstrated.
- e. Money is a *measure of value*, and money *carries value* until we use it to purchase something else of value.

2. Who can best establish and maintain a nation's money supply

- a. The government of each nation should provide a currency that is known and accepted, and that has a standard value across the nation
- b. For this to work, *the value of a currency must remain stable over time*. If the government allowed the rules to change in the middle of the game:
 - *Everybody is robbed* of the value of their money that they had worked for.
 - No one will want to make contracts any more because no one will know what a dollar will be worth in a week or a two or a month.
 - The entire economic system will break down and people will be reduced to bartering with precious metals or jewelry or other such things.
 - Such inflation will absolutely destroy an economy and a nation.
 - Even if inflation occurs at 10% or 15% a year, sinister, destructive effects will still be felt.

3. Why this is an issue of fairness

- a. A stable money supply is an issue of truthfulness in the economic system as a whole
- b. The *value of a currency* is the *standard* by which business transactions are evaluated, something like the "weights and measures" that a merchant would use in a transaction.
- c. If the value of a currency is constantly fluctuating, there is no dependable standard by which people can evaluate what they are buying and selling.

Unequal weights and unequal measures are both alike an abomination to the LORD (Prov. 20:10).

► Conclusion: Government should establish and maintain an effective money supply for a nation, and that means one in which the value of the currency is relatively stable over time.

D. *Free markets and government regulation of the market*

1. The question: How much should the government regulate various means of production?

- a. Some regulation is needed

- To prevent fraud and injustice in business transactions.
 - To enforce contracts (so that people have to keep the agreements they make).
 - To impose some health and safety standards on the sale of medicines and foods, or other products such as bicycles and cars and so forth
 - To enforce health and cleanliness regulations on public restaurants
 - To regulate weights and measures
 - Such regulations and others like them are necessary because it would simply be impractical, if not impossible, for individuals to attempt to check all such things for themselves before buying an item.
- b. It also works well for government to provide certain other goods that nearly everyone uses, such as roads, traffic regulation, supporting an army and police force and a fire department, and probably a postal service.
- c. Beyond that point there is a large difference of opinion.
2. Three common options:
- a. A free market: the government has limited regulative control
 - b. A socialist" system: the government owns and controls most of the businesses ("means of production")
 - c. A communist system: the government owns and controls not only the means of production but also all property
3. Several factors support the idea that the *free market* is almost always a better way of solving an economic problem than government ownership or control.
- (1) The Bible's teaching on the role of government gives support to the idea of a free market rather than socialism or Communism.
 - (2) The Bible gives repeated warnings against a ruler who would use his power to "take" what rightfully belongs to the people, including their fields and vineyards
 - (3) The Bible's teaching about private property indicates that property rightfully belongs to individual people, not to the government (and businesses are one form of property)
 - (4) The Bible's emphasis on the value of human liberty also argues for a free market system rather than a socialist or Communist system.
 - (5) History demonstrates that the free market brings better results than a government-controlled economy:
 - (a) The free market is better than government control at producing goods and services.
 - (b) A free market allows people freedom to work at the jobs they choose, encourages people to get better training for the jobs they seek, and to perform better
 - (c) A free market gives the benefit of allowing an employer to hire the employees that he thinks are best-suited for the job, and *not* to hire (or else to fire) those whose work is not providing adequate value to the company.
 - (d) In terms of consumer satisfaction, a free market has the great benefit of producing the goods and services that people actually want.
 - (e) No government agency will be able to have enough information to predict accurately the economic wants of millions of people at any day in the future, and then to plan effectively to meet those wants. But the free market does this by itself.
4. Definition of a free market:
- A wonderful, God-given process in human societies through which the goods and services that are *produced* by the society (supply) continually adjust to exactly match the goods and services that are *wanted* by the society (demand) at each period of time, and through which the society assigns a measurable value to each good and service at each period of time, entirely through the free choices of every individual person in the society rather than through government control. (But this process needs some government regulation to prevent wrongdoing such as theft, fraud, and breaking of contracts.)
5. Application to current controversies:
- A government-controlled automobile industry would produce more and more cars that few people wanted to buy and fail to produce other cars that consumers really want.
 - A government-controlled health care system would fail to provide enough of the health care services that people wanted, leading to the rationing of health care and long waits for certain services
 - Governmental distortions of the free market mean that market prices are no longer a good signal of demands or of supplies. Overproduction and waste as well as underproduction and rationing necessarily result.

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