

The Poverty of Nations: A Sustainable Solution (Crossway, 2013)
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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
- 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.
 - The purpose of government “is to punish those who do *evil* and to praise those who do *good*” (1 Pet. 2:14).
 - 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”
 - 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
- 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.
 - Possible to use resource wealth wisely: Norway, Botswana
 - But resource wealth is dangerous: it can take eyes off primary goal: continual creation of more goods and services.
 - 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
- Colonialism
 - Good & bad results of colonialism: a complex question of history. (various academic studies differ on this)
 - 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).
 - 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.)
 - P.T. Bauer: one terribly destructive export from Britain to Africa: socialism (87-89)
 - Sum: Colonialism brought significant economic benefits to some countries, but fewer benefits to others and lingering destructive effects on government to many.
 - The crucial question for today is: what can a poor country do now, looking forward?
 - Agencies that lend money to poor countries
 - Loans represent *assets* that were transferred to the poor countries, not taken *from* them. (~ cause of pov)
 - 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
 - “Debt forgiveness” is essentially a plea for more foreign aid, in 2 parts: first the loan, then the forgiveness
 - 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.)
 - The world economic system and international terms of trade
 - No one can control commodity prices on world markets (ex. coffee)
 - 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
 - Some rich nations “dump” excess agricultural products on the world market, wrongfully depressing world prices
 - Farm subsidies lead to excess production, tax the many to support the few – should be largely stopped
 - But: poor nations- unlikely to change this on their own – solution must come fr “dumpers”
 - Poor nations can shift production to other products that rich nations are not dumping (Costa Rica did this)
 - Rich nations wrongfully impose harmful tariffs and quotas on products that they import from poor nations.
 - Poor nations have little leverage to remove such tariffs.
 - Important for the poor nations to focus main goal: producing more goods and services of value.
 - Rich nations and multinational corporations
 - Poor nations were poor before rich nations became rich
 - 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)

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See also waynegrudem.com for more materials.