

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

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
 - iii. 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
 - c. 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.