

Christianity and Economics

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1. The general views of christians about present economic life is the broad framework from which we start. Two aspects are remarkable from the outset. The first is, that the opinions among christians about economic life vary widely. They differ from a complete indifference to an engaged position on the one hand, and from a complete acceptance to a sometimes full refusal on the other hand. The second striking aspect is, that in relation to economic life most christians seem to hold the view that opinions about economic matters belong to the private realm. You have and hold them just for your own; they are not, or only very indirectly, related to the christian confession.

These two aspects are of course interrelated. If christians are not aware of any direct connection between their faith and the way in which they perceive economic life their opinions will be very dispersed, missing any point of common orientation. But observing this leads at the same time to an intriguing question, a real puzzle. Is the Biblical revelation than so silent about economic life, and the way in which we should perceive it? And if not, what can than explain that peculiar opinion among Christians, that views about economic life are just a private matter?

These are questions of a high practical importance, also for the area of education. Just think of the question what kind of curriculum christian schools should use or need, in dealing with economics and social-economic issues. Can you use without any problem the existing economic textbooks, or do we need a different approach? And what could possibly be said by christian teachers?

2. About the first question – does the Bible have anything to say about economic matters? - the answer in my opinion has to be strongly affirmative. And I have at least three important arguments for that.

(a) The **Old Testament** does give us far more on economic life than, for example, some clear statements of the prophets on issues like the needs of the poor, the necessary care for the land, the good wages for done labour, and the use and misuse of capital. Next to all that, the Torah includes *in nuce* a complete economic order. It gives the outline of a societal economic system, which is characterised by a very interesting own consistency. That economic consistency is oriented to the realisation of a number of purposes at the same time, for example:

- a continuous care for the land and its inhabitants (realised by, for example, the institution of the Sabbath year);
- a structural prevention of lasting sharp differences in wealth and income (realised by the year of Jubilee, and the prohibition of interest);
- the elimination of excessive forms of the growth of production and income (brought forward by not only the institution of various feasts of sharing, but also by the acceptance of rest -sabbath- as the beginning and starting point of all economic life, and by the perspective of shalom, which leads to saturation and fulfilment).

One could of course say that this economic system is fully outmoded, not of this time. But what about its principles and purposes; are they without implications for present economic life?¹

(b) The **New Testament** introduces the concept of economy, *oikonomia*, at several places, and does so always in the context of God's calling to take good care of the household (the *oikos*). The household includes not only the land, but also those who are working on the land and have to live from its fruits. The good *oikonomos* (steward) gives them their food in time. This last prescription is one, which we would call "ethical", but in the New Testament it is just an expression of good economy, of the responsible care for the household! "Economic" in the new Testament is a word loaded with normativity, and that normativity is not just 'efficiency'. *Oikonomia* is even related to the *Eschaton*, the return of the (land)lord, Who comes to his own property, asking us stewards to render account. A steward (*oikonomos*) can therefore also fail, become disloyal, especially if he loses the interest of the landlord and his people out of sight.² There is also in the words of Jesus an outspoken difference between the priorities of the Kingdom of God and those of the Kingdom of Mammon. The difference is too strong to be ignored by any christian.

(c) In a still **broader perspective** there is the ongoing confession in the Bible of economic life as belonging to the fullness of the earth as the Lord's creation. In accordance with the Gospel of John, Chapter 1, where God the Father speaks His creation into existence by His Word (Son) through His breath (the holy Spirit), we can even speak of this world as created to give Answer to the Triune God, and therefore endowed with an "answer structure" (Bernard Zijlstra). This world is obviously created in such a way, that everything in it is in one way or another related to the multi-coloured calling of mankind to give answer to this speaking God, in the dialogue which we call human history. Economic endowments - natural resources, the human labour potential, the possibility of technical inventions - are therefore never given to us to become a goal in themselves. They are destined for the service of "*oikonomia*", which is the careful administration of everything entrusted us to preserve life and the well being of all. (Compare in relation to this, that creational possibilities like the use of power and sexuality are also not created by God to be transformed by us to be a goal in themselves. They too also destined to become an Answer, respectively in the calling to do justice and to give love.)

Christians should therefore always have a 'disclosed' view on all present social, economic and political realities; following their Lord Who was the Word of God and the Answer to God in one person. Bonhoeffer's concept of the 'fore-last', *das Vorletzte*, as he has laid it down in his *Ethics*³, is another way of saying the same. Here the primary accent is that meaning for our daily social and economic life comes to us from God, not only via his mandates in creation (as the alpha), but also from the side of the "last things" (as the Omega): the *Eschaton* as the end and fulfilment of history.

1. See for instance the publications of Abraham Joshua Heschel about the remaining significance of the Sabbath: *The Sabbath, its meaning for modern man*, Farrar, New York 1986.

2. An interesting addition in the New Testament is, that in the case of abuse the failing steward is praised because of his capacity or shrewdness to make friends under the debtors of his Lord; he so to say invests in their loyalty to give him in the future shelter and support (In Luke 16 the steward is able to do so by removing the accumulated interest from already given loans, so that the Lord cannot do anything against him). The economics of the Kingdom has many forms.

3. Dietrich Bonhoeffer, *Ethik* (Ethics), written in 1941, Chapter IV. Excerpts can be found in: Bonhoeffer Auswahl 4, *Konsekwenzen*, Siebenstern Taschenbuch, München 1970.

3. The conclusion of all this is that it is just not true to say that the Bible is silent about economic life. So Christians who think and act as if this domain of their life is neutral, or as if it belongs to the private realm, or who reduce the Biblical message to no more than an urgent plea to work hard, uphold a strange un-biblical opinion. But what is the origin and background of so common attitude?

Here in my opinion we have to look primarily to the role and influence of economic science, to economics as it is usually taught and crept in the hearts and minds of us all (even if we are not aware of it). Standard economic science is built on a very closed world and life view, which upholds the dichotomy between faith and science in a highly artificial way. Economics as we know it can even be seen as a direct offspring of Enlightenment thought. Enlightenment thought attempted to guarantee for all sciences (including the social sciences) a kind of scientific neutrality; not least by getting rid of all kinds of religious critique and other so-called normative or meta-physical “overtones”. My point is that we all inherited that kind of scientific escapism in our blood- and mind-stream.

This is a sharp statement, even a kind of accusation; therefore it may be worthwhile to look carefully at the reasons for that. But that may take not only some of your time, but also of your patience (par 4-6 !)

4. Let us first have a short look at the history of economic thought itself. In medieval times, Economics is a kind of sub-division of Ethics, and so open for all types of normative statements in the context of the wellbeing of the whole -organic- body of human society. So we find comments in for example Thomas Aquinas work about the correct wage for labour, the good price - the so-called *justum pretium* -, and the desirability of a prohibition of interest. In the time of the Renaissance economic thought was also changing. It substitutes its serviceability to the doctrine of the church to a submission to the goals of the courts and the governments to realise the greatest possible accumulation of money (gold, silver). Economic thought takes however a new turn at the beginning of modern capitalism, around 1770 -1830. From that moment the goals of the study of “political economy” become far less partisan. They are increasingly related to the desire to contribute to the material wellbeing of the population as a whole. But even Adam Smith, who wrote the main book about this subject (his famous inquiry in the causes of *The Wealth of Nations*) did so as professor of social ethics! He was therefore not afraid of making economic judgments of what in his learned opinion was “good” or had to happen.

Yet we find in his work also the beginnings of another line, the origin of another approach. It is the approach that tries to frame or mould economic thought increasingly to the mode of the natural sciences, with their admirable high standards of objectivity and measurement.

As such that desire is understandable. Not only had natural science in the 18th century already lead to fantastic new discoveries (Newton was in person called ‘the light of the world’, though he himself was a humble Christian). But it had also shown clearly, that dealing with reality in mechanical- mathematical terms was a powerful instrument, and could lead to the formulation of important new scientific laws. Laws which never had been found or could have been found in the context of a limited organic or just theological view on reality. So Adam Smith is in fact the first economist who tries to understand economic life mechanically, as a well functioning mechanism.

And according to, for example, his friend David Hume the result was excellent; in Hume's eyes, it seems, Smith indeed invented society as a machine, composed out of autonomous individuals as its working parts, and with a market "mechanism" as its unsurpassed core.⁴ And so, a new perspective was opened for Economics, that it could gradually become a kind of real science as respectable as, for example, Physics. A science built on its own scientific foundations: no longer dependent from insecure subjective opinions or normative value-statements, but founded on the basis of experimentally found concrete laws (supply and demand) and secure measurement (prices!) In the XIXth century, the mechanical world and life view began indeed to dominate all economic-theoretical reflections.

But soon an enormous problem posed itself. A stone falls always according to the law of gravity, but a consumer will not always buy more if a market price goes down. Consumers and producers are living beings, and therefore never fully "predictable" in what they do. But the new concept of science asked for just those determinate results and predictable outcomes, derived on the base of objective measurements! So what to do? Just forget that economics never could be just a natural science, but is and had to be a social science, more oriented to understanding than to a full explanation of human economic behaviour? But that would have the consequence that "value judgments" still could come in, and that the theory would not be entirely free from the influence of 'metaphysics' or different kinds of religious belief. Or should it maintain the so-called objectivity and neutrality of economics at all possible costs?

It is, and always has been, a choice, which in itself is not value-free. For here different views on humanity, society and theory clash which each other. The outcome of the debate was that the so-called "positive" and mechanistic view prevailed over the "normative" and more historical view. But it was indeed a choice with great consequences!

5. The point is namely, that if you want to reach determinate outcomes and objective laws in economic thought in every case and at all costs, that you still need a solution for the insecurity and whimsicalities of human behaviour as such. Only two possibilities are then available. The first is to internalize security, and the second is to externalize insecurity. You have either to make your theory immune for insecure outcomes, by presupposing a type of human being that is predictable and secure in all what he or she is doing (so internalizing security and determinateness in your theory). Or you have to build up a type of economic theory, in which everything which causes insecurity or indeterminateness is shifted out of your own scientific domain (is so to say "externalized") by declaring it to be of a non-economic nature; as issues which have to be studied by other sciences, or which are just subject to probability-calculus.

The first possibility was chosen by John Stuart Mill, who invented (in 1844) the "*Homo economicus*": the person who is always looking for the highest profits, the lowest prices, the maximum of utility. He is secure and predictable, and therefore also the consequences of his actions are. The theory is determinate again - but the loss is of course, that economic reality itself can easily escape from your theory! For if people act differently from the *Homo economicus*, and they do that often, than the theory has indeed nothing to say.

And so we see, that economic theory, especially around 1870 begins to follow the other line. It is

4. See the Introduction of Andrew Skinner of the Pelican Edition of Adam Smith, *The Wealth of Nations*, page 12, 1970.

the line of the externalisation (elimination) of all forms and types of insecurity. A so-called “circle of data” is invented, a whole series of “given factors” for the economist.⁵ Those data are no longer “explained”, but accepted as given starting points for every economic analysis. To these data belong for example, the preferences of the consumers: these are presupposed to be known. But also the desires of the producers are considered to be “given”. Also the political and legal order is seen as known before, together with the present state of technology and the size and capacity of the population. Everything which could possibly make the conclusions of the theory indeterminate, is shifted by economic theory to the data-circle as the big “asylum ignorantiae” of economics, the hiding place of all forms of ignorance. Also the word “circle” is indicative for the closedness of the theoretical world and life view that arises here. This circle of data so to say surrounds what is fully determinate and measurable and therefore can be ‘explained’ - which boils down to no more than all the movements of prices and quantities within the market- mechanism. The real markets are so to say stripped from all aspects of reality outside their mathematical and mechanical functions, to become fully determinate in their outcomes. So the new economic (neo-classical) theory gets its shape - the economic theory that still dominates economic thinking till this very day.⁶

6. But what kind of theoretical world is emerging in that way? Let us look to that question very carefully. For it could be that we see parallels, reminiscences to our own present world, and to our own present ways of thinking - also if we are sincere christians. To say it otherwise: this world-view could be very similar to as well the world as it “functions” to day, as well as the world as we have learnt to see it - but which may be in both cases an entirely different world seen from the viewpoint of, for example, the economy-concept of the Scriptures.

In paragraph 7, I will try to mention thee basic characteristics of this new, artificially created world. It is the following characteristics:

- (i) a lack of responsibility and accountability;
- (ii) a loss of qualitative aspects and insights; and
- (iii) a restless and risky dynamism.

We will then try to draw some conclusions from a christian point of view (8).

7. (i) The first characteristic of the economists world is, that in that world the question of responsibility or accountability for economic problems or evils is no longer asked. To understand this, we have just to look to what happened to the place of the concept of causality in Economics. In his book about this topic,⁷ Nobel-prize winner John Hicks gives an intriguing analysis what happened in economic analysis, when, as he says it, “the eighteenth century looking at causes and effects in a theologico-legal manner “ could no longer be accepted. That was what he calls “the Old causality”, in which “every event ... must either be the act of some person, who was thus responsible for it, or it must be an “Act of God “ (p 5); in which causes, therefore, “ are always thought of

5. For these data the concept of “categories” is used, the thought-by which the scientist according to Immanuel Kant can order and ‘mould’ his perception of reality. See R Strigl, *Die ökonomische Kategorien und die Organisation der Wirtschaft*, Jena 1923. Strigl was a Neo-Kantian, and his approach is linked to that of Lionel Robbins in his famous *Essay on the Nature and Significance of Economic Science*, London 1952

6. See in this context as well the beautiful dissertation of Alan Storkey, *Foundational Epistemologies in Consumption Theory*, VU University Press, Amsterdam 1993.

7. John Hicks, *Causality in Economics*, Oxford 1979, published by Basil Blackwell.

as actions of someone “(p 6) But that concept of Causality had to go; it opened, for example, the debate “about the moral quality of supernatural actions “,like the big earthquake at Lisbon (*idem*). But, so Hicks continues: “The solution was found by the philosophers of the Enlightenment, Hume and Kant ... It was the old association between Causality and Responsibility which had to be rejected. Causality is a matter is a matter of explanation; but when we explain, we do not necessarily praise or condemn... Economics, ever since that day, has been committed to the New Causality “(p 7, 9)

I have quoted Hicks extensively because it is very important what he says here. To evade questions of a “supernatural” nature, to become a science which really could “explain “ without any reference to God or belief, Economics choose deliberately for that type of causality, which in relation to economic problems refrains from asking the ‘Who?’ question, the question who or which agent caused it (the concept of causality which for instance is usual in the Science of Law). It restricts itself to asking the ‘What?’ question; that is the question which events or specific situations could have caused something to happen. Stated otherwise - and here we find something which has become a “natural” part of our own way of thinking and doing, also, for example, in politics - if we are confronted with an important economic problem, let us say inflation, the growth of poverty, the rise of debt-burdens, or the growth of unemployment, we have learnt ourselves and others not to bother about questions of responsibility for those evils. We ‘explain” those phenomena in terms of the level of savings or consumption, the interest level, the level of government expenditures. The economist’s world is a world free of accusations, free from any analysis of accountability for what happened⁸. Also references to guilt and debt can therefore never enter the economic debate without being seen as un-scientific. Which, by the way, also means that references made to the need of a different kind of behaviour, or the need of redemption, have no chance. For economic theory has taught us to accept all economic subjects, as they are, inclusive their thrift, their eagerness, their self-centeredness. There is an inner legitimation in that science for every one and every economic agent to strive without any moral restraint for his or her maximum utility, income, or power. So, if we meet an economic problem, we start with the question what to do about or, how to cure the symptoms, and never with the question who could have caused it⁹.

To summarise: Economics is a science that not only maximizes utilities, but also forgiveness. May be that is also the reason that so many christians do like its approach.

(ii) But there is also a second consequence. Economics has chosen to see the world as a world of measurabilities. Qualitative aspects, for instance related to the world of social interactions between people, to the world of their moral standards, or to the quality of health and the quality of nature which surrounds us, escape from economic-theoretical reflections. Unless a price can be given to them, or if they can in a quantitative way be introduced in the “preferences” of the economic subjects (like consumers and producers). But of course, if, and only if, the economic

8. Here I have to mention at least one important exception: the contribution of Amartya Sen, who is in his thorough analysis of the origins of famines in India des not evade the “Who?” question”, and highlights especially the role of the landlords and the failing local governments. Amartya Sen, *Poverty and Famines, An essay on entitlement and deprivation*, Oxford 1982.

9. What awful consequences this approach can have, and already had, for instance, the anti-poverty policy in the US ,as well on the democratic as on the republican side, is illustrated in: Bob Goudzwaard, *Who cares ? Poverty and the Dynamics of Responsibility*, in Stanley W Carlson-Thies and James W. Skillen, *Welfare in America, christian perspectives on a policy crisis*, Eerdmans 1996, pages 49- 81.

subjects are also “revealing” those preferences. If they like to squander their own health that is seen as a matter of their own choice. (May be this can be also expressed in this way, that economics tends to recognize only “objects of use”, and has no separate interest for “objects of care”).¹⁰

This narrow attention for all what is quantifiable and measurable leads often to wrong economic conclusions, as well at the micro- as at the macro-level. A good illustration may be the way in which we all tend now to perceive markets.

Markets belong to all cultures, they have existed in all times - in principle there is therefore nothing wrong with them. Calvin saw markets even as sign of the spiritual community between man and in that way as token of the grace of God to us.¹¹ But this high appreciation of markets relates of course to “real” markets, full with qualitative aspects like social interaction, some degrees of care and loyalty etc. The market of neo-classical economic theory particularly misses all those aspects: the ideal market is anonymous. A large group of producers and consumers do not even meet each other: they just and only meet a given price. So what will happen, if this -or similar concept(s) of the market, with their accents of individuality, anonymity, and autonomous feed-back are is given a central place in modern society, and even treated by some political currents as a compass which we have to follow in all circumstances? Than the social and moral quality of economic life will no doubt be drastically reduced. Even the inner limitations of every market tend to be “forgotten”, restrictions which can be observed by everyone, namely:

- that the market can only satisfy those needs which express themselves as “effective demand” (“(which presupposes always some kind of economic buying power), and can not honour other needs, how pressing they may be;
- that the market can only deal with those forms of supply which are financially rewarding for the suppliers; to leaving aside all provisions where the costs tend to be higher than the financial benefits;
- that where there is no price, the market can and will attach no economic value to any goods, service or situation. A market-mechanism, for instance, can and will not automatically notice the value of the own or other cultures, or of the nature’s eco-system, neither of the most precious things in life like human love and dignity. The market-appreciation of all those entities tends to be just zero, which means: free for use, free for exploitation.

Woe therefore to a society, which thinks to do well to take the market-mechanism as its final compass. It cannot evade the rise of markets in human organs, in the sexual ‘services’ of women and children, and has to permit marketable ‘rights to pollute’ in the poorest countries in the world. Neither it will be able to supply society with sufficient provisions of general or public health, because (how urgent the needs of the poor may be) their buying power is lacking.

(iii) The last aspect of the strange and peculiar world as it has been created in economic

10. Also here a concrete exception has to be named: the work of Herman Daly , especially the final book which he wrote together with Cobb Jr, a theologian: Herman E Daly and John B Cobb, *For the Common Good, Reorienting the Economy towards Community, the Environment and a Sustainable Future*, Boston 1989. For the distinction between objects of use and objects of care see also: Bob Goudzwaard and Harry de Lange, *Beyond Poverty and Affluence, toward an Economy of Care* ,Grand Rapids/Geneva/Toronto 1995.

11. See André Biéler, *La pensée économique et sociale de Calvin*, Geneve 1959, p. 449- 453

thought is its devotion to a risky but everlasting dynamism. This feature is of course related to the general Western faith in progress, which can be seen as an intrinsic and inalienable part of the whole Enlightenment movement.¹² But there is more to that. There is also a direct connection with the fascination for economic growth in the structure of economic theory. That fascination follows namely directly from the decision to see and declare human preferences as a datum, as a given factor or starting-point for all economic analysis. The so-called “central” economic problem of scarcity is then automatically reduced to the question how, given in principle unlimited human needs or preferences, more goods and services can be produced in an efficient way to fulfil all these desires. The other side of the ‘economic problem’, if the desires for goods and services themselves are chosen at a responsible economic level, then escapes from economic theory. Only the means is the problem: their allocation, their distribution and their continuous growth.

The German philosopher Hegel was already aware that this might create a growing tension in human society. In his critique on civil society, as we can find it in his *Philosofie des Rechts*, (about 1826!), he defends the thesis that there is of course a narrow correlation between the expansion of production and the growth of human needs. The ‘labour-system’ and the ‘system of needs’ of civil society are in his view directly interrelated; if more goods are available, all people do want them, which starts a process towards what Hegel called “*falsche Unendlichkeit*” (false infiniteness). That is the wrong perception that there is no possible end to the rise of production and consumption. It is for Hegel no less than the prelude of the total breakdown of civil society, which for him is society with an increasing sense of scarcity: the desires expand even more rapidly than the means allow.

If we see now in our days the rise of environmental problems but also increasing social problems, in our modern society which obviously wants to maintain its eagerness and acquisitiveness at all costs, than we too should have the awareness that a real crisis is at hand. But is it painfully a crisis for which most economists are blind. They just go on to think about more expansion and accumulation, also in the already rich countries. But is that not a type of blindness, unacceptable from the viewpoint of christian faith?

8. Let us try to summarize and see if some conclusions can be reached.

We have seen that economic science has tried in the last two centuries to create for itself a world on its own, a world full of measurable entities and predictable results. But it was and is at the same time a world stripped from its qualitative aspects, a world as well in which no sins are committed no economic agent is held accountable for economic evils, and finally a world devoted to a limitless expansion of the means.

In this way it indeed becomes clear why so many western christians, who have become accustomed to this way of economic (but also social and political) thinking, have got a problem in relating their faith to economic realities. If they (we) are of good will, they (we) speak about the desirability that soon a kind of bridge is built between these two separate “worlds” - the world of christian faith and the world of the modern economy. But already by posing the problem in that way they make it very clear, that they are totally unaware of the fact, that the living connection between faith and economic life - which existed for good or wrong since ages - has been deliberately and artificially

12. See for further comments about this Christopher Lasch, *The true and only heaven, progress and its critics*, New York 1991, and Bob Goudzwaard, *Capitalism and Progress, a diagnosis of Western Society*, Eerdmans 1982, (to be reprinted in 1996 in England in the Classics Series of the Paternoster Publishing)

cut in two parts by Enlightenment thought: a physical (mechanical) part and a so called metaphysical one. So creating in our hearts and minds the wrong perception, that indeed there is an inherent autonomy on economic life and in all practical economic reflections.

But there is even a nastier thing. And that is that this theoretical world of an autonomous economy has become to a high extent also our practical world. This world is not only present in our perceptions, but also in concrete reality. Where we indeed find now markets organised as pure mechanisms; policies without any element of economic accountability or correction of the wrong doers; and a business-life for which the horizon often has become the fight for your own market-share in the context of a limitless expansion. The belief in economic and technological autonomy has, to say it otherwise, become incarnate in our society. But leading us at the same time astray! To use still one time, the last time, the concept of the data- circle: obviously now the expansion of the market-economy itself has become the real datum in society, the only given factor to which everything and everyone around it has to accommodate, obeying its sovereign will: our desires (changed via commercials), our planet (eroded, sometimes overused), the cultures of the South (dealt with as if they have no own value), our political systems (primarily economic communities). But such a degree of accommodation of the whole of society to the economy - that is a sign of the existence of an idol, which may be followed by the whole of an alienated society.¹³

In telling you all this, I hope that I do and did not discourage you. In fact it can be said that how more this analysis holds and is true, how more we as christians can refer to real hope, also for the solution of the crisis of our time. For this analysis makes clear, that our deep economic problems of today have in fact spiritual roots, are related to forms of unbelief - for which a Cure is present. And to make that Cure more obvious we need indeed an own christian reflection on economic life, as well in our secondary schools as in the university.

13. More elaborated in my *Idols of our Time*, IVP 1984

Recommended reading

1. Alan Storkey, *Foundational Epistemologies in Consumption Theory*, VU University Press, Amsterdam, 1993.
2. Herman E Daly and John Cobb Jr, *For the common good, redirecting the economy towards community, the environment and a sustainable future*, Green Print, London/Boston 1990.
3. John Tiemstra (ed), *Reforming Economics, Calvinist Studies on methods and Institutions*, Edwin Mellen Press, New York/ Wales 1990.
4. Bob Goudzwaard, *Capitalism and Progress, a Diagnosis of Western Society*, Eerdmans Grand Rapids 1979, (to be reprinted in the Classics Series of Paternoster Press, UK, 1996).
5. Bob Goudzwaard and Harry de Lange, *Beyond Poverty and Affluence: towards an Economy of Care*, Eerdmans Grand Rapids/ WCC Geneva, 1995.