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“GOD IS NOT AN ADDENDUM TO ECONOMICS; HE IS NOT SCROLLWORK AROUND THE EDGES. WITHOUT GOD, THE BELIEF IN ECONOMICS IS IDOLATRY. WITHOUT GOD, THE QUEST FOR PROFITS IS IDOLATROUS.”

CREATION ECONOMICS: THE ECONOMICS OF REALITY



Ian Hodge

‘In the beginning God created the heaven and the earth. . . And God saw everything that He had made, and behold, it was very good’ Genesis 1:1,31.

At the heart of every subject is the fundamental question of origins. To be a little more philosophical, we can say that our answer to the question of metaphysics colours the manner in which we view things. The issue is not whether some of us look at things with tinted glasses, for all of us use spectacles. What we are concerned about is **which** spectacles we are going to use.

Related to our theory of origins is another fundamental issue; how do we know that the knowledge we have is **true** knowledge? To use more formal language, a theory of epistemology is at the heart of each person’s knowledge on every subject. How can we be sure the knowledge we have, whether it is considered “religious” or “secular,” is correct and true? After all, man sees through a glass darkly (1 Corinthians 13:12), his knowledge is at best limited, so how can he be so sure that what he knows is correct?

It is only in the Christian doctrine of God, **as revealed in the Scriptures**, together with the Biblical doctrine of Creation, that can give an answer to these basic philosophical questions. **Unless** the God of the Bible has created all things apart from Himself; **unless** the God of Scripture has revealed to mankind a body of true truth, we are in a blind alley, leading the blind along a pitch-black path that leads to nowhere. As leading humanist philosopher Bertrand Russell has observed, “From Evolution, so far as our present knowledge shows, no ultimately optimistic philosophy can be validly inferred.” We might add, neither can a pessimistic philosophy be inferred from an evolutionary hypothesis. From a foundation other than Holy Scripture, no philosophy can be developed. Even the statement “we can’t be sure about anything” becomes a contradiction in terms, for how can we be sure we can’t be sure? This is the dilemma of our age. This is the problem which cannot be overcome on any basis other than the Word of God.

Consequently, when we wish to consider

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economics it is imperative that the Bible be used as the basic textbook. Herein lies the failure of most contemporary economic textbooks, whether they promote communism, socialism, the "new" economics of John Maynard Keynes, Social Credit, liberalism, democratic socialism, or laissez-faire capitalism. Each one exhibits a radical failure to use the Scripture as the basic source of economic theory. This does not imply that these theories are wrong in everything that they say. Owing to their failure to consult Holy Writ their authors make many errors along the way, depending upon the number of Biblical presuppositions they unwittingly adopt. In the words of one economic historian, "God is not an addendum to economics; He is not scrollwork around the edges. Without God, the belief in economics is idolatry. Without God, the quest for profits is idolatrous. Without God, efficiency is an idol. God is my premise and my conclusion."¹

1. Creation Establishes the Possibility of Economics

The doctrine of Creation has four implications for economic theory. First, the doctrine of Creation establishes the possibility of the science of true economics. What is meant by the term economics? Unless we can establish some working definition it is possible for misunderstanding to occur. Economics derives from two Greek words, *oikos* meaning house, and *nomos*, meaning law. Economics, therefore, is the science of good household management. In modern times economics has undertaken a broader definition. Today the study of economics is the study of human beings as they endeavour to improve their material well-being. It is the study of the actions which people consciously make in order to pursue their economic goals.

Embedded in this definition is a particular view of man. Man is here seen to be a creature who thinks, who makes choices, who acts in a rational manner in an attempt to achieve certain goals. The failure of all non-Christian philosophies is that they cannot give an answer to the uniqueness of man, made in the image of God, who thinks God's thoughts after Him. Only the Biblical account of Creation sets man apart from the remainder of the universe. Consequently, most contemporary economic theories degrade man to nothing more than an economic unit, existing in some vast impersonal world which came from nowhere and is travelling nowhere. When the Scriptures are removed as the basic economic textbook the science of economics becomes not a study of personal beings but a matter of statistics and mathematics. (It is no coincidence that with the

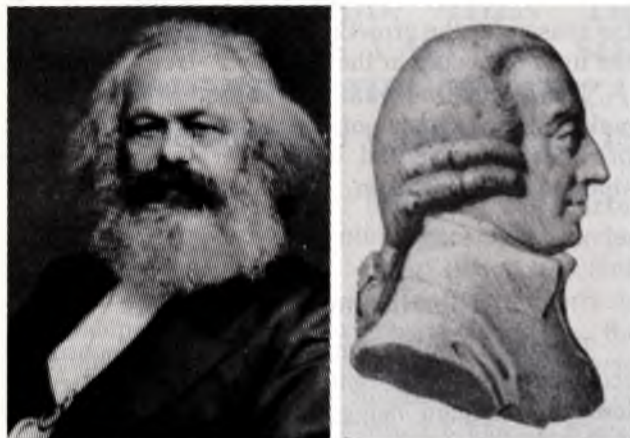
rise of evolutionary thinking has come econometrics, statistical witchcraft, and the degrading of human personality.) Man is not simply a stomach to be filled, nor is he a mere economic good to be used for another's gain. "Statistics applied to man is the ultimate mental act of dehumanization, for it reduces man to a number. And it is hardly an accident that the use of statistics has grown with the spread of socialism, for they are a prime means of manipulation and directing change. Statistics ought to be used in the public with the same restraint as profanity, for they profane man by reducing him to a virtual nullity."²



2. The Origin of Value

The second implication contained in the doctrine of Creation is the matter of value. One of the key factors in any theory of economics is the theory of value. Where does value originate? How are the prices of a multitude of goods and services established? Are they derived from the fact that a certain amount of labour is involved in producing the item, as the early classical economists thought? Or are the prices of goods related to their social benefit? Perhaps they are more dependent upon the quantity of raw goods needed in the production process? Whichever answer we choose it must cover **all** economic situations. It must be able to tell us why, for example, a Stradivarius violin sells for a higher price than one manufactured in Japan. It should tell us why a diamond fetches a higher price than a sack of potatoes, the latter having more "social benefit" than the former. Again, it must tell us why an ounce

of gold fetched around \$850 an ounce in 1980 and only \$314 five years later.



Karl Marx

Adam Smith

Economists from before the time of Adam Smith and to the time of Karl Marx were sidetracked on this question. They held that value was established by the quantity of labour required to produce the economic good. Their theory led them, in the case of some of the earlier economists, to call for a "just" or "natural" price. This led to the idea that political election somehow endowed the elected candidate with economic omniscience and he, together with his elected colleagues, should determine what this "just" or "natural" price ought to be. In the case of others, such as Marx, it was the foundation for their attack upon the capitalists who were obviously (to them) "ripping off" the workers by paying them less than the market price for the goods which they produced. This led to the confiscation of wealth from those whose diligence and effort produced it in order to redistribute it to the lazy and not-so-diligent.

The Genesis record provides the answer to this problem of value. God's world was created by Him. But what was its value? Did it in fact have any value? God said it did indeed have value. His Creation, He said, is "good" (Genesis 1:4,10,12,18,21,25). The repetition of the statement emphasizes God's valuation of His work, and is summed up in verse 31 with the words, "And God saw everything that he had made, and, behold, it was **very good**."

How did God manage to come to that conclusion? By the amount of labour He expended in the production of the universe? But this begs the question: By what standard did God establish the value of His labour? This is the same difficulty the early economists had. It was easy to say it was the amount of labour that established the value of an item, but who was to determine what the value of that labour should be and how much it should be rewarded for its efforts?

Inherent in the Biblical account of Creation is the fact that everything which exists had a beginning, except God. Only He has existed from all eternity. Therefore **all** things derive from God, including value. God had no standard other than Himself to declare that His Creation was good. It was good because God said it was good. Value derives from God, and He **imputes** to His Creation its value. Value is what God says it is on no other grounds than the fact that He says it is so.

According to Scripture man is unique. He was made in the image of God. Man is not his own god, for he is a created being, subject at all times to the Creator. Man is to think God's thoughts. Moreover, man is to value God's Creation as does God. We are, therefore, to "abhor that which is evil" but "cleave to that which is good" (Romans 12:9). Loving our neighbour is to be highly valued whereas pornography is to be treated as valueless.

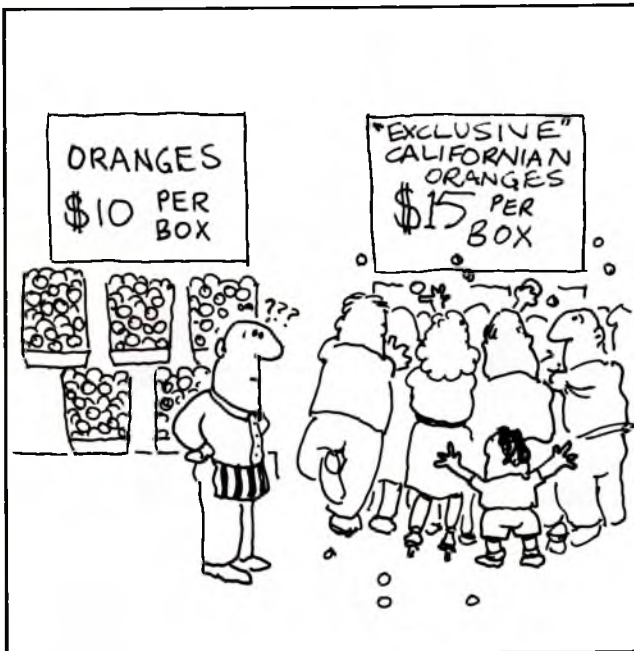


In the mid-nineteenth century it was realised by a small number of economists that value was indeed in the eye of the beholder. In other words, value was not determined by labour or raw materials. Value was established simply by the purchaser of the item who was willing to pay a particular price for it. The seller could ask whatever price he liked, but ultimately it was the buyer who determined the value of the good by his willingness to pay a certain price for it. But how did the buyer determine how much he was willing to pay? It is impossible to say for certain. As well as general use of the good to him, there are psychological factors which can neither be determined nor measured.

One thing can be said, though, and that is that the

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buyer had to determine a scale of preferences in his own mind of the many items he desired, and where this particular item would fit into that scale. He had to make mental comparisons to determine whether this particular item was more important to him than others he desired. From the strictly human perspective, value originates in the minds of men and women who make mental comparisons concerning the economic goods they desire and the limited resources available to achieve these desires. On this basis, they are willing to pay particular prices for certain items. But the amount paid will therefore vary. While some may be willing to pay \$15,000 for a new automobile, others will not. Some may even pay more. (The businessman who correctly forecasts what a sufficient number of people will pay for his goods will make profits provided he can produce them for less. Those who misjudge the buying public's willingness regarding price for a particular item will not make profits and be forced, by market pressure, either to become better forecasters of consumers' wishes or to get out of the forecasting business.)



But to stop at this point, as the neo-classical economists have done, is to make man the new god who determines value. "The god that is worshipped determines value. If the self is god, then the individual decides and determines value. If some sort of organization is god, then the organization determines value. God determines value if He is at the center of worship."³

Biblical Creation provides the only **objective** basis for value. It puts value outside man's domain, for if man is the determiner of value he can only do so by having his particular values predominate over the

valuations which others make. It is no coincidence that, in places where Scripture is not the source of economic theory, a dictatorship prevails. It is also the reason for the growth of government control over the lives of people in the so-called "free" countries.

The Biblical account of Creation, then, not only makes the science of economics possible, but provides the essential terms of reference for the study to be undertaken.

3. The Harmony of Interests

The third implication in the Genesis record for economics is the essential harmony of interests. Individual human beings with minds and wills of their own do not necessarily constitute a disharmony in the state of affairs. As Paul says in 1 Corinthians 12, the diversity to be found is not the cause of essential disharmony. Sin, disobedience to God (1 John 3:4), is the root cause of all disharmony. Prior to the Fall there was both individuality and a harmony of interests. Once the Biblical view is denied, however, individuality and self-interest become the scapegoat for the problems which exist. Hence it becomes the chief function of the political order to deny individuality in order to achieve social harmony. This was the purpose of the Nazi concentration camps, to bend and break the will of the prisoner, to make him pliable to the aims of those in authority so that he might be useful to "the cause." It remains the purpose of the Gulag Archipelago, where the real attack is upon human personality.⁴

Individuality, far from being the cause of disharmony, is, in the plan of God, a means for social harmony. The division of labour, as Adam Smith pointed out two centuries ago, is the means whereby economic improvement is available to all, provided there is free trade as people. In the opening words of his **Wealth of Nations**, "The greatest improvement in the productive powers of labour, and the greatest part of the skill, dexterity, and judgment with which it is any where directed, or applied, seem to have been the effects of the division of labour."⁵ God's world was created perfect. There was no disharmony of interests between Adam and Eve, for they were made to complement each other. Neither is there any indication that they should not participate in the division of labour. In fact, St. Paul, in his first letter to the Church at Corinth, illustrates the mutual dependence upon each other. The denial of the division of labour in our own age (e.g. attempts to establish national self-sufficiency through tariff protection) has resulted in a condition where we are all economically poorer than we need be.

“THE GOD THAT IS WORSHIPPED DETERMINES VALUE. IF THE SELF IS GOD, THEN THE INDIVIDUAL DECIDES AND DETERMINES VALUE. IF SOME SORT OF ORGANIZATION IS GOD, THEN THE ORGANIZATION DETERMINES VALUE. GOD DETERMINES VALUE IF HE IS AT THE CENTER OF WORSHIP.”³

The division of labour and the free market condition which is the essential atmosphere needed for the division of labour to take place, are both inherently Biblical. The Biblical defence of private ownership of property, which is found in the commandments forbidding theft and covetousness (Exodus 20:15,17), is the foundation for a free market. (Cf. the story of Naboth, 1 Kings 21, where even the highest authority in the land, the king, could not rightfully dispossess Naboth of his possessions.) It is the mistake of most economists, even some Christian economists, to assume that the free market is nothing more than the product of human anarchy and is guided solely by the actions of men.⁶ This, I believe, is one of the fundamental reasons that non-Christian defenders of the free market are unsuccessful in their endeavours to convince others of the validity of their position. They assume that total human autonomy, that is anarchy, will somehow produce social harmony. Only the doctrine of Creation, which itself is undergirded by the doctrine of God, the One who Providentially controls whatsoever comes to pass, can provide a rational and coherent defence of the free market.

4. The Dominion Mandate

There is a fourth and final implication which Creation has on the subject of economics, and that is the **purpose** of man's creation. In Genesis 1:26 we read that man was created by God to “have dominion over the fish of the sea, and over the fowl of the air, and over the cattle, and over all the earth, and over every creeping thing that creepeth upon the earth.” Man was created with a purpose, and while the entrance of sin (Genesis 3:5) distorts and warps man's thinking and actions, it does not eradicate them. Sin perverts the way things should operate. For example, man will use his imagination to make instruments of destruction rather than instruments which enhance life. He will take something which could be used for constructive purposes, for example medicine, and will turn it into a tool for taking life. Such is the case with abortion.

Man was created to have dominion. Godly dominion over all the earth and its resources. “Man was created by God and given a mandate or

command to subdue the earth and to exercise dominion over it. This meant ruling, trampling down or possessing and mastering every aspect of this world, religiously, scientifically, agriculturally, and in every other way. Man was created in God's image to develop God's creation, the earth, by perfecting or completing it under God.”⁷

In his rebellion against God, however, man does not deny the desire to have dominion, but instead the dominion urge becomes the urge for power. Man seeks power and authority outside of the conditions which God has laid down.

Christianity is the religion of dominion.⁸ Salvation carries with it the restoration to man's original purpose, to have dominion under God over the whole earth. The Cross of Christ renews not only the will of man, but his ability to dominate. There is a relationship between holiness and authority, between obedience to the Word of God and the blessings which go with that obedience (cf. Christ's parable of the talents, Matthew 25:14-30).

Economics is one of the tools of dominion for man under God. For those in rebellion against their Creator, economics becomes a tool for power. This is supported by the facts which are before our own nation today. Economic control is now a tool for greater power, not only by the elected politicians but also by the bureaucrats who are not subject to the electoral process. Look at the quantity of legislation which has appeared in the last decade. More and more areas of our lives are now subject to statist control, and much of it is introduced on the basis of specious economic reasoning.

Man renewed by the Spirit of God and justified by God on the basis of the finished work of Christ on the cross will use economics again as a tool for dominion rather than power. Rather than seeking to control his fellow man through economics the redeemed in Christ will seek to have dominion over the earth but not over his fellow-man. He will be a co-worker with others so that God's glory and dominion will be reflected in all that he does.

Conclusion

The Bible, of course, does not cease with the Genesis account, and neither can the development of

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Christian economic theory be confined to the first few chapters of Genesis. Further Biblical study provides other foundations for essential economic questions, such as the meaning of personal property rights, the theory of money and much, much more. Without Creation, however, there could have been no beginning, and we find in that initial act of God the foundations for the science of economics. When economists and the economics profession again return to the Word of God as their basic guide, then, and only then, will we see an economics of reality restored. To deny God, or to leave Him out of the subject, is futile. It is the most unrealistic step a person can make. Therefore, it should not surprise us that the economic theories not grounded in Scripture do not work. Socialism (or Communism — the terms are almost synonymous), for example, is a failure. It does not, and cannot, deliver the goods. It is the logical outcome of denying Biblical Creation and the Creator (see Deuteronomy 28).

Economic progress is dependent upon a return to sound, Biblical economics. That will only come when those who proclaim Christ as Creator King, those who claim to be His people, take the words of their Lord seriously to "Go ye therefore, and teach all nations...teaching them to observe all things whatsoever I have commanded you" (Matthew 28:19,20).

FOOTNOTES

1. Clarence B Carson, **The World in the Grip of an Idea** (New Rochelle: Arlington House), p. 496.
2. **ibid**, p.184
3. **ibid**, p.497.
4. For an excellent portrayal of concentration camps, their purpose and methods, see the biographical account by Russian dissenter Vladimir Bukovsky, **To Build A Castle** (Andre Deutsch Hutchinson, 1978).
5. Adam Smith, **The Wealth of Nations** (Chicago: University of Chicago Press, 1976) p.7.
6. This is the mistake made by Douglas Vickers in his **Economics and Man** (Nutley: The Craig Press, 1976) and his later book, **A Christian Approach to Economics and the Cultural Condition** (Smithtown: Exposition Press, 1982). His discussion nowhere allows for the fact of God's controlling providence through individuality, and that a free market, that is, a market free from controls by human agency (except where allowed for by God), can be a Christian economic position. Consequently he calls for state regulation of the market to provide the harmony which God does not provide. A similar error is to be found in the several writings of Ronald J. Sider who virtually wants a socialistic state. Sider would deny this, and has done so to me personally, but while he continues to call for government control of the economy, he must be classed as a socialist.
7. Rousas John Rushdoony, **Salvation and Godly Rule** (Vallecito: Ross House Books, 1983), p. 36.
8. See Gary North, **Moses and Pharaoh: Dominion Religion versus Power Religion** (Tyler: Institute for Christian Economics, 1985).

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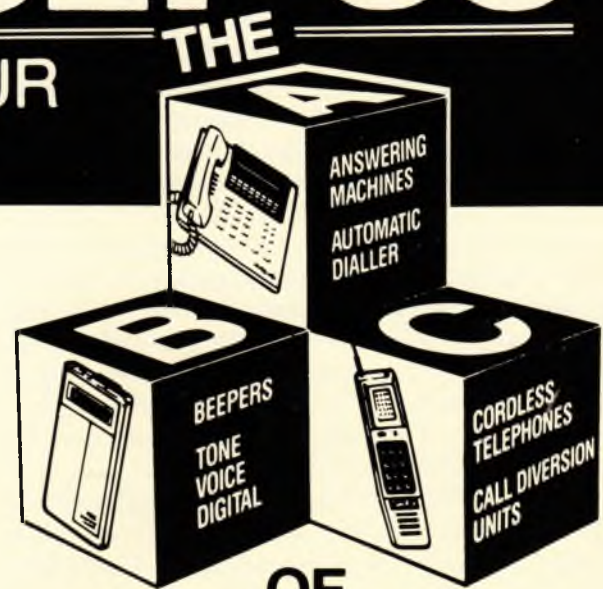
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