

Economics Defined

What is **economics**? Well, since we're approaching the subject from a Christian worldview, let's start by looking at the concept as the Bible describes it. In the twelfth chapter of the book of Luke, Jesus says many things, including these:

- A man is a fool who pursues riches, and is not "*rich toward God.*"
- Trust God to provide for your food and clothing.
- Be ready for the return of Christ.
- Use your talents, money, and possessions to further God's kingdom.

Another way to put that last bullet is this: "Be a good *steward* of those things with which God has gifted you. A steward historically has described someone who manages a household's affairs, finances, servants, and other areas. Many stewards were also responsible for the training of the oldest son of the owner of the estate, so that

the son would be ready to take over the estate's direction when his father died. In fact, when Abram was still childless, before God had worked the great miracle of giving him a child in his and Sarah's old age, he had this exchange with God in Genesis 15:1-2 (bold added):

*After these things the word of the LORD came unto Abram in a vision, saying, "Fear not, Abram: I am thy shield, and thy exceeding great reward." And Abram said, "LORD God, what wilt thou give me, seeing I go childless, and the **steward** of my house is this Eliezer of Damascus?"*

Here Abram is saying that he has no child to make the steward of his household, except for a hired man.

And after Jesus says those things in the above bullets, He has this fascinating exchange with Peter in Luke 12:41-44:

Then Peter said unto him, "Lord, speakest thou this parable unto us, or even to all?" And the Lord said, "Who then is that faithful and wise steward, whom his lord shall make ruler over his household, to give them their portion of meat in due season? Blessed is that servant,



whom his lord when he cometh shall find so doing. Of a truth I say unto you, that he will make him ruler over all that he hath.”

Did you catch the word *steward* in that passage? Here’s another look at the key part, this time with the Greek word in place of the word *steward* in bold:

*“Who then is that faithful and wise **οἰκονόμος**...?”*

If we “transliterate” that bolded word—in other words, if we convert the Greek letters in that word into the equivalent English letters and sounds—the passage looks like this (bold added again):

*“Who then is that faithful and wise **oikonomos**...?”*

Of course, if you try to pronounce that bolded word, it sounds like the English word *economics*. So stewardship—managing and using resources like money and property—is what *economics* is all about. Early English definitions of the word *economy* centered around efficiently managing a home or business, including how money was spent. (The word *economy* is still often used as a synonym of the word *efficiency*.) Here’s how Noah Webster, in his famous 1828 *American Dictionary of the English Language*, defined the word *economy*:

- “[T]he management, regulation, and government of a family or the concerns of a household.”
- “The management of...the expenditure of money.”
- “A frugal [thrifty] and judicious [wise] use of money; that management which expends money to advantage, and incurs no waste...a prudent management of all the means by which property is saved or accumulated; a judicious application of time, of labor, and of the instruments of labor.”¹

For decades at schools in the United States and other nations, millions of young women took “Home Economics” as an elective. “Home Ec,” as it was often called, focused on teaching the ins and outs of running a household. In other words, Home Ec classes gave those young ladies tips and in-class practice on how to be a homemaker: topics like child raising, cooking, and “economizing”—saving money and spending it efficiently.

“You Can’t Possibly Understand Economics!”

That’s the kind of thing you often hear in today’s world, where many of those in power regularly tell us to “Trust the Experts” (experts who agree

¹ Webster’s Dictionary 1828: *American Dictionary of the English Language*, “Economy,” <https://webstersdictionary1828.com/Dictionary/economy>.

with those in power) and “Trust the Science” (scientists who agree with those in power). Similarly, economics is often purported to be too hard for anyone but The Experts to understand. That was the general vibe I got from both economics classes I took—one in high school, and one in college; both classes were loaded down with headache-inducing charts and graphs, and confusing terms like *long-term ophiological domestic marginal elasticity*.² But let me point out two things that you, the high-school homeschooler, should keep in mind when you study economics:

1. Yes, you absolutely *can* understand economics.
2. No, you absolutely *cannot* understand economics.

First, to an extent, the basics of nearly *any* subject can be understood by nearly all those who want to learn it. Part of this ability to understand ideas—a sensible, rational, Biblical view of the world—comes from a Christian’s fear of and obedience to God:

The fear of the LORD is the beginning of wisdom: a good understanding have all they that do his commandments (Psalm 111:10).

I understand more than the ancients, because I keep thy precepts (Psalm 119:100).

Here, God’s Word tells us that if we have a “fear of the LORD,” we will begin to gain wisdom. And King David in the second verse said that his understanding was greater than the old and wise, because he kept God’s precepts (commandments). And it plays the other way, too; wickedness in the hearts and actions of individuals can cause them to become gullible—to be fooled more easily by lies:

A wicked doer giveth heed to false lips; and a liar giveth ear to a naughty tongue (Proverbs 17:4).

Does that mean that a Christian will automatically be an expert on economics, able to successfully explain to any group of random toddlers the meaning of terms like *long-term ophiological domestic marginal elasticity*?

Well, no. If a Christian tried to explain that term to a group of toddlers, they would likely start crying, and probably cover his shoes with a puddle of tears or drool (or something else too horrible to think about). But a Christian who reads and obeys God’s Word will have a much greater chance of successfully understanding what makes the world tick, the nature of mankind, how man acts in this world, and what economic decisions the public will probably make in response to this or that government policy.

² I dare you to look *that* one up.

Second, it is doubtless true that even the most brilliant person in world history can't even come close to having a complete understanding of economics—that is, the area of economics that attempts to grasp how the many millions of individuals work in a nation, and the many billions of daily decisions they make on how they earn, spend, save, and otherwise manage their money and other property.

A steward's job of managing the economics of *one* household is a full-time job.

Full.

Time.

Job.

How on earth could anyone get the idea that he has the ability—or the moral *right*—to direct the buying and selling of *an entire neighborhood, city, county, state, or nation*?

(You won't be surprised to learn that there are real, live persons today who think that they have this magical ability. And not only that: They also believe that they have the right *to impose their plans upon everybody else*.)

But economics is a useful study, although we can't know *everything*, because we can analyze the *results* of economic policies and make predictions of the results of new economic policies. To help us make these predictions, it's vital to have an understanding of how mankind acts, based on what the Bible and (to a lesser extent) our experience inform us.



**"But I Don't *Wanna*
Learn About Economics!"**

What Do You Think?

1. Look up Proverbs 28:5 and Titus 1:7. What do these verses say to back up two of the main points of today's reading?
2. Define *economics*, *steward*, and *home economics*.
3. How does knowing and keeping God's Word make a person wiser?
4. Explain the difference between the job of a steward and an attempt by a politician to direct a nation's economy.

1.2 – Living Outside of Normal Economics

The Bible is not a science textbook. But that doesn't mean that it is incorrect on the scientific matters it addresses. Likewise, neither is the Bible an economics textbook. But that doesn't mean that it fails to address the topic; on the contrary, God's Word has much to say about how Christians should manage our money—or, more accurately, the money that God has *allowed* us to manage:

Christians Live, In Part, Outside of Normal Economics

God has told His followers this:

Let your conversation [manner, way of living] be without covetousness; and be content with such things as ye have: for he hath said, I will never leave thee, nor forsake thee (Hebrews 13:5).

But my God shall supply all your need according to his riches in glory by Christ Jesus (Philippians 4:19).

“Therefore take no thought, saying, ‘What shall we eat?’ or, ‘What shall we drink?’ or, ‘Wherewithal shall we be clothed?’...for your heavenly Father knoweth that ye have need of all these things. But seek ye first the kingdom of God, and his righteousness; and all these things shall be added unto you” (Jesus in Matthew 6:31-33).

Obviously this doesn't mean that Christians should just lie around all day waiting for God to provide. But the lives of Christians are often touched by God in ways unexplainable to the “laws” of economics. One of the most famous examples in the Bible of God's provision occurred when Jesus told Peter to pay his “tribute” (taxes) to the Roman government. To get the money, Jesus then told Peter this:

“[G]o thou to the sea, and cast an hook, and take up the fish that first cometh up; and when thou hast opened his mouth, thou shalt find a piece of money: that take, and give unto them” (Matthew 17:27).



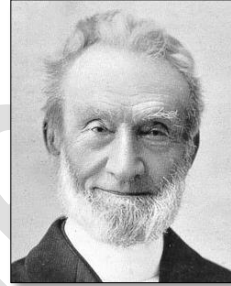
**Just Waitin' on
God to Provide**

God has also worked miraculously in other ways, too: Deuteronomy 8 tells of how God kept the Hebrews' shoes and clothes from wearing out after their exodus from Egypt, even after they had been worn for

40 years. (They had probably gone out of style by then, however.) And in 1 Kings 17, God kept the flour and oil of a widow from running out after she agreed to feed the prophet Elijah.

Closer to our modern day, God provided richly for George Müller (1805-1898), a Christian who famously directed an orphanage in England. Müller never asked anyone for money, and he never took a salary. Instead, he simply prayed and trusted God to provide for his and the orphans' needs. One well-known incident happened like this:

“The children are dressed and ready for school. But there is no food for them to eat,” the house-mother of the orphanage informed George Müller. George asked her to take the 300 children into the dining room and have them sit at the tables. He thanked God for the food and waited. George knew God would provide food for the children as he always did. Within minutes, a baker knocked on the door. “Mr. Müller,” he said, “last night I could not sleep. Somehow I knew that you would need bread this morning. I got up and baked three batches for you. I will bring it in.” Soon, there was another knock at the door. It was the milkman. His cart had broken down in front of the orphanage. The milk would spoil by the time the wheel was fixed. He asked George if he could use some free milk. George smiled as the milkman brought in ten large cans of milk. It was just enough for the 300 thirsty children.”³



George Müller

When I was 12, my family was in financial trouble, having moved a few months earlier to a new state. We had no money to pay the rent due. Just in time, however, a check came in the mail for the exact amount due (actually, a tiny bit more), from someone who had no idea that we needed money at all. Although this wasn't on the level of George Müller, it was a meaningful example of God's provision. Many Christians could tell similar stories!

Christians Should Give, Voluntarily, and They Will Be Blessed

In *The Law*, which we read earlier this year as a part of Civics,⁴ author Fred-eric Bastiat berates governments for plundering citizens and giving the plundered money to other citizens who didn't earn it. The word *plunder* is also translated *spoliation*, which is related to the word *spoil* (as in the saying

³ “A Famous Story About George Müller's Faith,” June 29, 2016, www.georgemuller.org/devotional/a-famous-story-about-mullers-faith.

⁴ The course uses a book titled *Civics for Christian Homeschoolers*, which may be found at www.homeschoolpartners.net.

“To the victor belong the spoils”—that is, a victorious army can steal everything from its defeated foes). Look at the form of the word *spoil* in the below passage, written by the Apostle Paul:

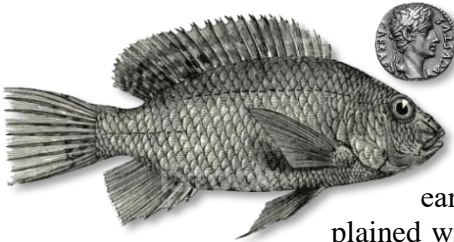
For ye had compassion of me in my bonds, and took joyfully the spoiling of your goods, knowing in yourselves that ye have in heaven a better and an enduring substance (Hebrews 10:34).

Here Paul says to a group of his fellow Christians that they supported him by “*the spoiling of [their] goods,*” meaning that they gave up their property and money to provide for the needs of Paul, and no doubt others. The way Paul writes makes it sound as if those Christians were *robbed*, but, of course, they gave to Paul and other Christians willingly! And look what else God’s Word says about providing for others:

It’s wrong for governments to plunder, or *spoil*, but Christians often do it voluntarily!

When thou cuttest down thine harvest in thy field, and hast forgot a sheaf in the field, thou shalt not go again to fetch it: it shall be for the stranger, for the fatherless, and for the widow: that the LORD thy God may bless thee in all the work of thine hands. When thou beatest thine olive tree, thou shalt not go over the boughs again: it shall be for the stranger, for the fatherless, and for the widow. When thou gatherest the grapes of thy vineyard, thou shalt not glean it afterward: it shall be for the stranger, for the fatherless, and for the widow (Deuteronomy 24:19-21).

But this I say, “He which soweth sparingly shall reap also sparingly; and he which soweth bountifully shall reap also bountifully. Every man according as he purposeth in his heart, so let him give; not grudgingly, or of necessity: for God loveth a cheerful giver” (2 Corinthians 9:6-7).



When God’s people give, He sometimes uses their gifts to work *outside* of the normal, observable economy, turning their giving into a harvest of both spiritual riches and earthly provision that often can’t be explained with a calculator. In the Deuteronomy example above, God’s people were told to leave some of their goods for poor strangers (foreigners), the fatherless, and widows. And in the 2 Corinthians passage above, each Christian is encouraged to give “*as he purposeth*

in his heart...not grudgingly, or of necessity.” No official punishment was attached to *not* leaving goods behind in the first passage; in the same way, the second passage describes Christians’ giving as *voluntary*. God wants us to treat our goods and money differently from the rest of the world!

What Do You Think?

1. **Can you think of another example in the Bible in which God made a supernatural provision for someone?**
2. **Can you remember a time that God miraculously provided for you or your family? What happened? Now, take time to thank Him!**

2.1 – How To Use Man’s Selfishness for Economic Good

How Mankind Acts: No Mystery At All

In case you had any questions at all on whether mankind is selfish and sinful, just open practically any page of a newspaper (ask your parents what this word means), or take a look around you right now.⁵ Men and women generally put themselves before others, and that’s something that God’s Word points out many times. For example:

- “*Thou shalt love thy neighbor as thyself*” (Matthew 22:39).
- *Look not every man on his own things, but every man also on the things of others* (Philippians 2:4).
- *Let no man seek his own, but every man another’s wealth* (1 Corinthians 10:24).
- *For no man ever yet hated his own flesh; but nourisheth and cherisheth it* (Ephesians 5:29).

The Bible and all experience assure us that man acts in his own self-interest.

In the first verse, Jesus said His followers should love their neighbors as much as they love themselves—which assumes they love themselves a great deal. The second verse commands Christians not just to care about their *own* needs, but others’ needs (same assumption). The third verse says close to the same thing as the second, and the last verse says that no one hates himself, but tends to put his own needs first. No surprise there!

Non-Christian voices also confirm this characteristic of mankind. In his 1849 political essay *The Law*, French author Frederic Bastiat points out that mankind has a “fatal tendency”: the desire to have his needs met without having to endure the pain of having to *work* to meet those needs. This desire also reveals man’s strong inclination to take care of his *own* needs first. Author and salesman Harry Browne makes a similar point about man’s nature, as he advises those in the field of sales to think about the typical person to whom they are trying to sell a product or service:

...[L]et’s analyze the typical prospect you meet in your selling day. What do we know about him?

We know that he’s seeking the best possible life for himself. His resources are limited, however; he has only so much time and energy

⁵ Be sure not to make eye contact.

and money. So he must allocate those resources on some basis that will bring him as much as possible.

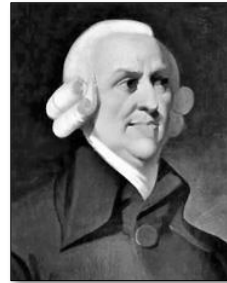
He makes plans and programs, ways of getting what he wants. His motivations are the goals at the end of those plans. He knows what it is he wants, and he has some idea of how to get it.⁶

How Mankind's Tendency Can Guide Economics

Imagine you are the newly elected ruler of a nation. You have no idea about the legitimate purposes of government that the Bible lays out, but you are determined to rule justly. If you were given the power to influence what kind of economic system “your” nation pursues, what would you do about the tendency of human beings to pursue their own interests first? Would you pursue a policy that...

1. acknowledges that man is basically selfish and tries to first look out for his own interests, or
2. fights this tendency of man and forces “your” people in various ways to give part of their property and money to others?

We'll dive into that topic a little more deeply in a few weeks, but be aware that the two above choices represent drastically different economic philosophies. The first is often called *capitalism*, and the second *socialism* or *communism*. But regardless of their names, clearly the more sensible, rational—and Biblical!—choice is the first one. One economic writer who famously and extensively addressed this topic was Scotsman Adam Smith (1723-1790). In 1776 Smith wrote a highly influential economics book called *An Inquiry into the Nature and Causes of the Wealth of Nations*, usually just called *The Wealth of Nations*. One of the most well-known passages from that work reads this way:



Adam Smith

It is not from the benevolence of the butcher, the brewer, or the baker that we expect our dinner, but from their regard to their own self-interest. We address ourselves, not to their humanity, but to their self-love, and never talk to them of our own necessities but of their advantages. Nobody but a beggar chooses to depend chiefly upon the benevolence of his fellow-citizens. Even a beggar does not depend upon it entirely. The charity of well-disposed people, indeed, supplies him with the whole fund of his subsistence. But though this principle ultimately provides him with all the necessities of life which he has

⁶ Harry Browne, *The Secret of Selling Anything* (Harry Browne, 2008), 56.

occasion for, it neither does nor can provide him with them as he has occasion for them. The greater part of his occasional wants are supplied in the same manner as those of other people: by treaty, by barter, and by purchase. With the money which one man gives him he purchases food. The old clothes which another bestows upon him he exchanges for other old clothes which suit him better, or for lodging, or for food, or for money, with which he can buy either food, clothes, or lodging, as he has occasion.⁷

In other words, a free-trade economy does *not* work because producers of goods and services are *first* looking out for their fellow man. It works because those producers are first looking out for *themselves*—just like we would expect.

How do those in a voluntary cooperating economy ensure that they have money to buy important items like food, clothing, a place to live, and gold-plated toenail clippers? *By producing things like labor or goods or services that please **others**, who are happy to pay them.* In this free-trade “system,” no one is forced to work for the benefit of *others*...but that’s exactly what happens anyway! Like Harry Browne pointed out earlier, all those who buy from or sell to others do so *because they expect to benefit **themselves**.*

What Do You Think?

- 1. What does the command of Jesus to “love thy neighbor as thyself” reveal about man’s natural tendency? Besides the examples given in this chapter, list one more that confirms this tendency.**
- 2. Explain Adam Smith’s main point in the passage near this chapter’s end.**

⁷ “Adam Smith on the Butcher, the Brewer, and the Baker,” Online Library of Liberty, <https://oll.libertyfund.org/quote/adam-smith-butcher-brewer-baker>.

2.4 – “We Have To Stop Those Evil Robots!”

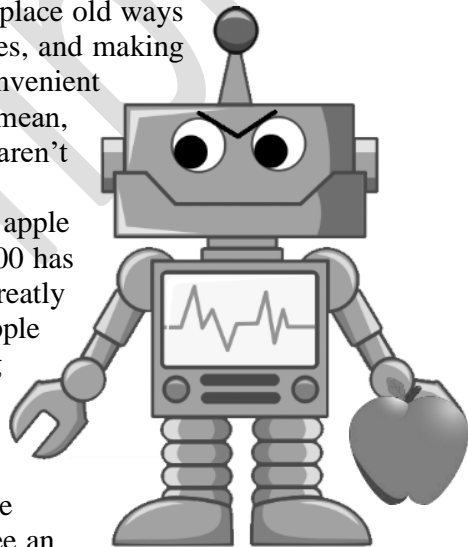
Last week we heard from economics writer Henry Hazlitt, who wisely pointed out in his book *Economics in One Lesson* that bad economists make two major mistakes. Do you remember what they are?

That’s right! Those mistakes are (a) looking at an economic policy’s effects on only *one* group, instead of *all* groups; and (b) looking at an economic policy’s effects only in the *short* run, and not in the *long* run. (I’m assuming that’s what you answered.)

For hundreds of years, confused or misinformed persons have feared and protested the rise of industrial machines, as well as new technology, since many of those machines and technological advancements have eliminated the need for certain jobs. Perhaps most famously, in the early 19th century, a group of English stocking makers called **Luddites** protested by destroying textile machines that put them out of work, and burning down the mills that used them.

But the types of machines that replace old ways of making products, offering services, and making modern life much safer and more convenient are too many to count. That doesn’t mean, however, that modern-day Luddites aren’t still out there.

Let’s say, for example, that a new apple harvesting robot called the APL-3000 has become available; the machine greatly speeds up the picking process for apple farmers. One evening while sitting by your mom on the couch, as she is watching a TV show on how to make her own essential oils from organic goats’ milk, you flip the channel during a commercial and see an angry apple picker representative interviewed on a news channel. The representative says this:



We have *got* to pass a law *right now* that stops all apple farmers from buying or using these robots. Fifty thousand apple pickers across America will lose their jobs if we don’t; it’s absolutely going to *wreck* the economy!

Think for a minute of the effects on the economy that would result from the use of the APL-3000, then answer the questions on the next page.

What Do You Think?

1. Write down three ways of doing things that nobody—or *almost* nobody—uses any more (producing goods and services, entertainment, medical care, transportation, and so on—any good examples you can think of).
2. Take your favorite example from #1 and write down the more modern or efficient method or technology that has replaced the old method.
3. In your example, what groups lost their jobs when the old method was replaced?
4. What various jobs were created by the new technology?
5. In the APL-3000 example, how do you think the robots affected in the long term (a) the number of apples farmers could harvest in one season, and (b) the cost of apples to consumers?
6. Would the widespread use of the APL-3000 be an overall *benefit* or *detriment* for society? Why?
7. How is opposing machinery that performs jobs—even if that machinery replaces workers—a perfect example of Henry Hazlitt's definition of the two main types of bad economic thinking?
8. How would a government's interfering in the development and use of machinery violate the Bible's standards? What would be crazy about the government's even trying to do it anyway?

4.2 – Profit: Not a Bad Word At All

Scowling at Fat Cats

Somehow “profit” has morphed into a objectionable word. We’re talking about *monetary* profit, of course, since we’re discussing economics. In our day, so-called “social justice warriors” practice a substitute religion of shrieking in protest against things they wrongly believe are immoral, without any real understanding of what they’re protesting.

And *profit* is one of those things.

Because of relentless propaganda pushed by government schools, dishonest politicians, and most “talking head” TV news reporters, many undiscerning souls scowl at *profit*.⁸ And if they’re not careful, even more sensible, thoughtful persons can get caught up in the notion that business owners—those pursuing a (Gasp!) profit—are all a bunch of evil, cackling, gigantically fat guys wearing top hats, smoking huge cigars, and blowing their noses on hundred-dollar bills wrapped around a paper towel roll.

But you won’t be shocked to learn that viewing the concept of profit that way is ludicrously erroneous. Why?

Because everybody tries to profit in one way or another.



We know from what the Bible teaches, and our everyday experiences—which includes knowing our own selves—that mankind seeks what is best for himself. Freedom for buyers and sellers to act in the way that they wish is how to best harness this self-preserving nature that we have. And profit is the goal of that action.

The basic economic meaning of the word “profit” is the money you have left over after you meet your expenses. A furniture store owner, for example, might in one month sell \$25,000 of furniture; this is called **gross** sales. But if that store owner’s expenses that month amount to \$20,000 (what *he* paid for the furniture, rent, salaries, insurance, cleaning, taxes, and so on), his **net** income is \$5,000.

⁸ Sometimes they even fold their arms and shake their heads.

And it's not only millionaires and billionaires and trillionaires (and whoever comes after that) who seek profit. It's the computer repair shop owner down the street. It's the guy with a lawn care business who goes to your church. It's the homeschooling mom who makes and sells essential oils. It's the teenager who works at a wonderful restaurant that sells chicken sandwiches with two pickles on them. And it's even the Christian missionaries who give up well-paid careers or other benefits to reach the lost in a remote village. Yes, those missionaries are seeking profit! The difference? They're aiming to store up for themselves treasure in heaven by becoming missionaries, because they believe that path *profits* them better than striving for more earthly profits. (Of course, this is not the same thing as saying that those missionaries are greedily seeking after their own selves, however.)

What Profits Can Do

To restate, because of the anti-freedom mentality of many today, the average American gets a twisted, incomplete, and downright inaccurate picture of profits, imagining them as connected to millionaires who think of nothing except greedily scraping for another dollar, 24 hours a day.

Incidentally, this is often a comforting, satisfying feeling for those who believe it, since they can comfortably and satisfyingly bask in this thought: *Look what a **great**, morally superior person I am! **I'm** certainly not a money-grubber like that **profiteer** over there!*

But profits play a key role in civilization. Here are just three:

1. **Profits make it possible for people to make a living.** A person who starts a business for profit often hires others to help run the business. Those employees can provide for themselves and their families now, all because an until-then *total stranger* was trying to make a profit! And what happens to hiring when a business owner makes even *greater* profits? You guessed it.
2. **Profits ensure that in-demand goods and services are available.** When a certain type of business is profitable, it means that consumers want to buy what that business is selling. That signals others that if they want to join in on the profits, they should open similar businesses. The result? The kinds of goods and services that consumers want become more available.
3. **Profits increase the standard of living across the board, which especially helps the poor.** When a shoe manufacturer makes greater profits, he has a greater opportunity to invest these profits in machines or other new technology that make shoes more cheaply. And when these shoes cost less, he can charge less than his competitors. What do his competitors then have to do to keep up? That's right: invest in technology them-

selves. And how do shoe buyers benefit? They're able to buy more with their money.

In fact, there are thousands of products—mobile phones, computers, TVs, cars, air conditioning, and so on—that were at first way too expensive for middle-class families, much less the poor. I'm old enough to remember that VCRs—video cassette recorders, which played movies on tapes before DVD players, Blu-ray players, and DVRs replaced them—cost around \$2,000 when they first came out in the 1970s.⁹ Only the richest families owned them, and it was amazing to be able to go to a friend's house and *watch a recent film on his television, without having to pay for a movie ticket at the theater*. But thanks to *profit*, those items, and many others like them, became affordable for billions of consumers.

(This doesn't even take into account how beneficial to mankind the role that profit has played in making critical items like good food, clean water, medical care, and clothing more available to the average person.)

That's why it is the height of absurdity to see someone holding up a sign to protest “SELFISH PROFITEERS,” while texting a message on a high-tech mobile phone, drinking an \$8 specialized coffee, walking out of a grocery store that offers 27 varieties of gluten-free cheese, getting into an air-conditioned import car...and driving to a job provided by a business owner who (a) took a gigantic risk with his life savings to start that business, and (b) still works like a dog to make sure it is successful.

What Those Evil Rich Guys Do With Their Money

And let's just say, for the sake of argument, that some “rich guy” makes “too much profit”—that is, according to somebody *else's* definition of what is “too much.” What does Mr. Evil Rich Guy actually *do* with his profits, after taxes and all his other expenses?

Well, he certainly doesn't stuff all his money under a mattress. He doesn't fill his swimming pool with it and dive into the middle of the piles of bills, making weird faces while he throws them up into the air and shouts “WHOO-EEEE!” He doesn't take the bills and stitch them



Mr. E. R. Guy

⁹ This is roughly \$9,000 today.

together into blankets to cover him-self up while he sleeps. He doesn't turn them into stylish (yet practical) wallpaper.

Instead, *he buys goods and services and he invests, using his profits!*

And what happens when he buys something—even something only those Evil Rich Guys buy, like a fancy yacht, which might gain him ever deeper scowls from the anti-profit crowd? Well, even in that example, at which most anti-profiters would surely disapprovingly shake their heads,¹⁰ Mr. Evil Rich Guy is still providing jobs for boat builders, lumber and plastic and metal producers, carpenters, glass makers, engine manufacturers, painters, electronics manufacturers, and many others. And even more than that, that provides jobs for those workers who clean, sweep, and take out the garbage for those offices.

And if Mr. Evil Rich Guy *invests* his profits, he risks losing it—which means wiping out the benefit of potentially hundreds or thousands of hours' worth of work. But let's say his investment pays off; in what kind of company might he invest? Of course, he might invest in something immoral, like a gambling joint or a movie company that produces gory films.

But maybe Mr. E. R. Guy will invest in a company that's working to develop a more secure car seatbelt that will save lives.

Or maybe he'll invest in somebody who's invented a farming machine that helps grow more crops, making food cheaper for millions, and more accessible for the poor.

Or maybe he'll invest in a group of doctors who have discovered a new type of surgery to save lives of those who would otherwise die.

And what the heck is wrong with that?

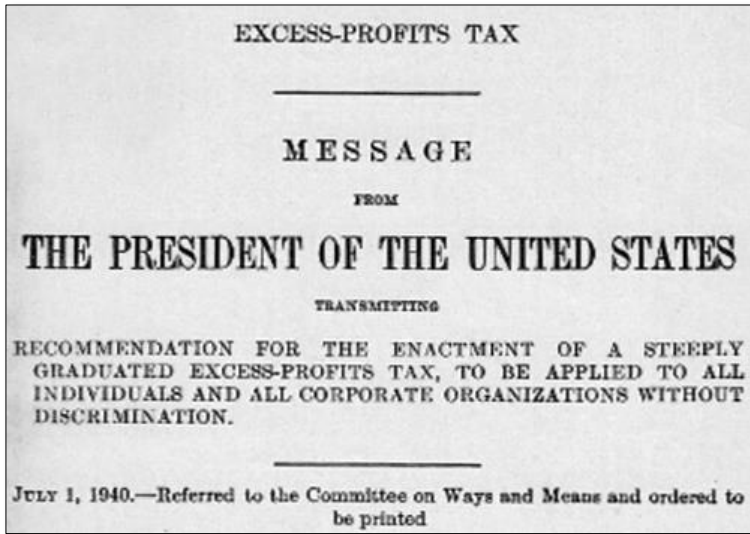
Government Meddlers, Cronies, and Consumer Bosses

Many disingenuous politicians—who make a *very* profitable living being employed at taxpayer expense—are among the first to wail about and try to punish those whom they call “greedy, selfish profiteers.” One famous example occurred under Franklin D. Roosevelt, who was President from 1933 to 1945, when the United States government raised taxes on “excess profits.”¹¹ As if anybody really knows exactly how much profit a business should make and can point to a number which is an “excess profit”! Can you imagine the gall of those who think they know what this number is? Do government officials have a special crystal ball they can gaze mysteriously into that tell them precisely when the profit that a total stranger makes is “excess”? Incredible.

¹⁰ and fold their arms even more tightly

¹¹ Jim Powell, “How FDR's New Deal Harmed Millions of Poor People,” *The Cato Institute*, December 29, 2003, www.cato.org/commentary/how-fdrs-new-deal-harmed-millions-poor-people.

In a free-exchange economy, you know who dictates how much profit is made by a company? *The consumer.*



Consumers can make or break a company at any time, simply by buying that company's product, or by *not* buying it. And there's no guarantee that a profitable company will *stay* profitable automatically; even successful companies must adapt and listen to customers—and *please those customers*—to stay in business. When a government doesn't try to run an economy, the customer is king.

One type of company, however, does deserve contempt: the type that makes profits by using the government's power to compel consumers to pay for its product or service. One subcategory of That Type of Business is the company that arranges to get a law passed that protects it from competition. Some companies do this by getting tariffs (taxes on imports) added to competing foreign goods. Another subcategory of That Type of Business is one that arranges to have a law passed that forces many consumers to buy their product. One example of this type is drug companies that influence legislators to pressure everyone to get many vaccines and other injections. Another relatively recent example is the famous "Obamacare" law that forced many Americans to buy health insurance whether they wanted it or not.

What Profits Can't Do

To finish this section, let's focus on several other things we should keep in mind about profit:

Riches profit not in the day of wrath: but righteousness delivereth from death (Proverbs 11:4).

In all labour there is profit: but the talk of the lips tendeth only to penury [poverty] (Proverbs 14:23).

“For what shall it profit a man, if he shall gain the whole world, and lose his own soul?” (Jesus in Mark 8:36).

In other words, riches won't help a sinner avoid the judgment of God; if you want to make a better living, work more and talk less; and what a waste of a life it is to spend it getting riches, if you spend eternity without God!

What Do You Think?

- 1. Define “profit” just as a general term, then as an economics term.**
- 2. How is profit a universal goal among humans?**
- 3. Why do you think so many today say they're against profit? How do their own actions contradict their claim?**
- 4. Explain several ways that profit helps communities and advances civilization. What is absurd about government attempts to punish “excess profits”?**
- 5. How is a Christian's view of profit different?**

4.4 – Socialism, Part 1: Immoral and Anti-Christian

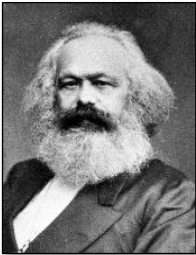
Can We Be Left Alone?

Do you have a strong urge to grab a bunch of your good friends, convince them to sell everything they have, move onto a 100-acre piece of property, and share all your labor and possessions equally with each other?

You *do*?

Fine! Then go right ahead and do just that; nobody's stopping you. But those of us who *don't* want to participate in a kind of setup that ~~insane~~ unusual would like to say from the bottom of our little hearts: "Leave us alone." But that's not how many socialists and communists see things. Not only do they hold to a belief in a system that runs counter to all human experience, they think they also have the right to *force* everybody else using the power of the law to *join* them in their madness.

First, let's quickly define **socialism** and **communism**. Socialism is an economic system in which a government with broad powers takes over and/or heavily regulates businesses, tries to determine what items and how many/much of those items should be produced, passes laws to "spread the wealth" (by plundering the "rich"), and hassles those with property.



Karl Marx

Communism is even worse; in that system, an elite ruling class takes total control of not only the private property of everyone else, but also threatens, fines, jails, tortures, and murders those who resist this theft, or even try to speak out against it. Communists are "inspired" by *The Communist Manifesto*, an 1848 essay by German philosopher Karl Marx. In *The Communist Manifesto*, Marx saw the entire world as a struggle between two groups. The first group he called the **bourgeoisie**, or what he saw as an elite ruling class that owned all the *capital*: land, machinery, factories, money, and other elements of producing goods and services. The second group he called the **proletariat**; these are the laborers who work for the bourgeoisie.

Marx made it seem as if these two groups were set in stone, and that no person could ever change from one group to the other. He apparently was completely unaware of the millions who had lifted themselves or had been lifted by the efforts of others out of poverty, thanks to free markets and voluntary cooperation among buyers and sellers. But that's probably being generous; it's hard to believe that Marx didn't know that this was and had



The Hammer and Sickle
Symbol of Communism

been happening in America and other pockets of the world. It seems likely, therefore, that he was being disingenuous.

Marx claimed in *The Communist Manifesto* that after the State (government) took control of all the machines, factories, and land used to make products, mankind's progress would lead it into a glorious socialist state, which would transition finally and totally into *voluntary* communism. But how would this communist state *first* get control over these materials owned by “capitalists”? Here's how, says Marx in *The Communist Manifesto*:

The proletariat will use its political supremacy to wrest, by degrees, all capital from the bourgeoisie, to centralize all instruments of production in the hands of the State, i.e., of the proletariat organized as the ruling class; and to increase the total of productive forces as rapidly as possible.

Of course, in the beginning, this cannot be effected [caused] except by means of despotic inroads on the rights of property.

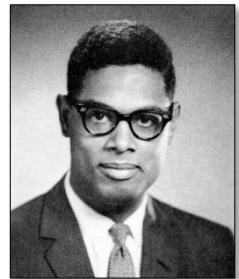
Did you catch that second short paragraph's meaning? Go back and read it again! Did you see *how* Marx taught that all property should be taken from “capitalists”? He says it should be done “by “means of despotic inroads”—in other words, by an all-powerful State that violently steals this property. How ironic that every time communism is tried, a group of powerful tyrants rules over a people that has been impoverished and brutalized by its policies—exactly the thing that Marx claimed he was trying to *prevent*.

A Moral Failure

We'll focus on socialism instead of communism in this chapter, since it's less trendy these days to openly declare your love for communism. Sure, socialism *sounds* less threatening, and it comes across as compassionate to support a system that has a reputation—at least to the ignorant—as benevolent and just. But socialism has utterly failed every time it's been tried—except for the ones in charge of *running* the socialist state. They get fabulously wealthy and never suffer like the ones being subjected to the system. As noted yesterday, critics of “capitalism” often claim that it encourages “selfishness.” And socialists often console themselves by thinking something like this:

*I'm so **caring** and concerned about the poor! I'm not greedy like those selfish **capitalists** who just try to pile up more money every day.*

But as economics professor Dr. Thomas Sowell reasonably points out:



Dr. Thomas Sowell

I have never understood why it is “greed” to want to keep the money you have earned, but not greed to want to take somebody else’s money.¹²

Socialism
favors the rich
and powerful,
and it harms
the poor.

Socialism’s moral failings are many; here are just two. First, it totally ignores mankind’s natural tendency to please himself. Instead of taking advantage of this bent, socialism *punishes* it by regulating and taxing producers of goods and services, discouraging them from *wanting* to produce more. Second, socialism rewards the rich and powerful at the expense of the poor. The system encourages businesses to bribe lawmakers to arrange for *their* businesses to be the ones the State rewards. And so-

cialist leaders always end up rich from plundering the people, while most of the nation they rule ends up poorer, if not in total poverty. And when socialism severely retards economic growth, *it hurts the poor the worst*, since an economy advances partly by developing methods of producing goods more cheaply. When those gains are *not* made, fewer families are lifted out of poverty.

That second point is partly why it’s infuriating to hear the tired old claims of socialists that they support the poor, and that they stand against those “rich and powerful and greedy *capitalists*.” “Powerful?” Well, it is true that rich entrepreneurs—in an economy that allows buyers and sellers to act in their own best interests—are “powerful” to the extent that they’ve made money by pleasing others. But in a voluntary exchange “system,” those wealthy entrepreneurs could be out of business any time their products failed to satisfy consumers. Contrast that to a socialist nation, in which dangerously powerful officials decide the futures of others, based on the whims of those rulers. Or in the case of communism, officials wield the power to be able to jail or *kill* those who resist or even *disagree* with them.

Now *that’s* power.

Christians and Socialism

Some philosophers today—often ones who couldn’t care less what God’s Word says about any *other* topic on earth—suddenly develop a deep interest in the Bible when it comes to socialism. These curious philosophers claim that the Bible and Christianity support socialism. But we’ve already seen that (a) God’s Word has a specific explanation of what the *true* purpose of government, and it doesn’t include creating and running a socialist econo-

¹² Thomas Sowell, *Barbarians at the Gate and Other Controversial Essays* (Hoover Institution Press, 2020).

my; and (b) the Bible affirms many times the right to private property. But critics of this view will point to Bible passages like this:

And all that believed [in Jesus Christ] were together, and had all things common; And sold their possessions and goods, and parted them to all men, as every man had need. And the multitude of them that believed were of one heart and of one soul: neither said any of them that ought of the things which he possessed was his own; but they had all things common (Acts 2:44-45).

And with great power gave the apostles witness of the resurrection of the Lord Jesus: and great grace was upon them all. Neither was there any among them that lacked: for as many as were possessors of lands or houses sold them, and brought the prices of the things that were sold, and laid them down at the apostles' feet: and distribution was made unto every man according as he had need (Acts 4:33-35).

But those passages describe a *voluntary* sharing of possessions among followers of Jesus, not a mandatory economic system in which the government forces both believers and unbelievers to share their belongings. That kind of system would (a) be totally impractical, and (b) violate the Biblical guidelines of government's proper purpose. Christians, as well as anybody else with at least half a functioning brain, should oppose socialism as an economic system for many reasons, including these four:

1. It has never worked.
2. It *can't* possibly work.
3. It ends up robbing from the poor and giving to the rich, because the rich wield power or strongly influence those in power. (And giving the rich more power over the poor is exactly what socialists always claim to *oppose*!)
4. It turns the moral purpose of the law upside down by *stealing* property and *denying* the people of their liberty, instead of *protecting* property and *upholding* the liberties of the people.¹³

What Do You Think?

1. Explain some of the moral failures of socialism. Can you think of any others that weren't listed?
2. Why do some claim that Christianity teaches socialism as a preferred economic system? How is socialism incompatible with Christianity?

¹³ Clifton, *Civics for Christian Homeschoolers*, 80.

10.3 – Answering Economic Fallacies, Part 1

Read the following common claims, which Americans and others often make today, and use what you’ve learned in Economics so far to answer these claims. Jot down your answers and bring them to our next class!

• • • • •

1. “I know you think regular people should make all their own buying and selling decisions, but most people just aren’t that smart about economics. That’s why we need to trust economic planners; it’s a complicated subject, and only a few people really understand it well enough.”



2. “The economy is struggling right now, and some economists believe that we need the government to inject a little cash into our system, so we’ll all be able to buy more. I totally agree; doing that will help the economy bounce back to where it needs to be.”



3. “Of *course* I’m against that new PublishPro printer and book binding machine! Maybe it *does* help individual writers publish books themselves; but it’s going to throw a lot of publishing company employees out of work. You can’t just look at technology as if it’s *always* beneficial.”



4. “The government needs to open another public works program, because we’re in a recession, and people need jobs. Look at those guys over there building that bridge for the city! All of them are earning salaries; how can you possibly say that government spending *harms* the economy?”



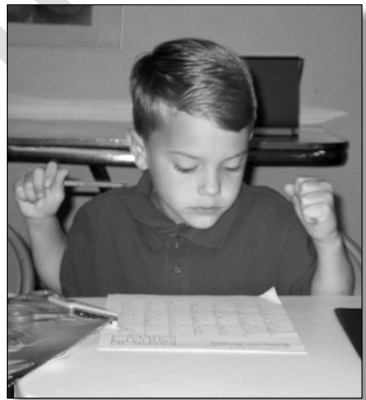
11.2 – Increasing Your Wages and Success at Work

After a chapter on minimum wage, and wages themselves, how can you approach the subject of *your* wages, and how to enjoy success at work? Here's a little advice based on experience and observation:

Kicking “When Am I Ever Going To Use This?” in the Pants

First, if you're primarily a student, you should approach your math, English, and other subjects with vehemence, instead doing them in a perfunctory manner. Do your best to learn your math tables, fractions, decimals, percents, Algebra, and whatever other math you're challenged with. Avoid using lame excuses like, “I'm not a math person.” Read your literature carefully. Write good drafts of papers you're asked to produce. And since you're in high school, and you've likely been homeschooled much of—if not *all* of—your life, it's time to take control of it *yourself*. Mom and Dad or Grandma should have confidence that you'll do your work on your own, asking for help when you need it. It's incumbent upon you to make sure it gets done without having to be reminded all the time, like a toddler who keeps “forgetting” to pick up his toys!

On that note, you might come across subjects which don't appear to you to have too much use. In that case, you should avoid saying one of the dumbest sentences in the history of the world: “When am I ever going to *use* this?” Because the answer is, “You might not *ever* use it, but you're learning it because, among other things, it's a good exercise in working hard.” In fact, it's also a lesson in humility, since when we are teenagers, it's a little arrogant to assume that we know whether we'll ever use things we learn. John Saxon, the creator of the Saxon Math curriculum, had a similar attitude about



**“When Am I Ever Gonna
Use This Junk?”**

math when he was a young man and piddled his way through that subject in high school. Later, when he realized he wanted to be a pilot, he found that he had to learn and relearn much of the math he could have done earlier, and his dream of flying took him longer than it would have otherwise.

Two more tips related to that subject:

First, you might think, *I just want to be a(n) ____ for the rest of my life, and I don't need to learn ____ to do that.* But the fact is, a new type of

technology might take your job as a(n) ____ one day, and you could be stuck having to start a whole new career. But employers and customers are always looking for those who can help them solve problems. Struggling and sweating to write an effective essay and working out algebraic word problems, to name just two examples, are simply ways to practice problem-solving skills—even if you know you’re never going to work as a writer or a mathematician.

Second, I can tell you from experience that gaining from seemingly-pointless-at-the-time tasks happens regularly. I’ve been teaching math, English, and history high school homeschool co-op classes since 2002, but I didn’t start that as a career. (I never even knew it *was* a career until I got into it.) I had many jobs before where I wondered, *Why am I sitting here in this job doing ____? That’s not what I want to do for the rest of my life!*

This question popped up many times when in other jobs I was forced to learn Photoshop, database programs, Microsoft Excel, the Saxon Math curriculum, newspaper article writing under highly pressurized deadlines, basic web site coding, and other duties that I thought were quite prosaic or had no bearing whatsoever on the type of work I would eventually do. And I’m afraid my attitude toward work wasn’t what it should have been many times. Of course, I use all those skills now as part of my profession, but if I would have been given a choice at the time whether I had to learn those skills, I probably would have said “No” to a great many of them.

(In fact, when I was in school, my parents often made me read extra things outside of school, on subjects such as math, politics, and economics, and I remember thinking, *Why do I have to read all this stuff?*)

Remember what the Lord tells us about how we approach the work He’s given us:

The labour of the righteous tendeth to life (Proverbs 10:16a).

And whatsoever ye do, do it heartily, as to the Lord, and not unto men; knowing that of the Lord ye shall receive the reward of the inheritance: for ye serve the Lord Christ (Colossians 3:23-24).

Increasing Your Wages and Success at Work

Earnestly wanting to earn better wages isn’t the same thing as slavishly pursuing riches, of course. That’s why we can read in the Bible both “[B]e content with your wages” (Luke 3:14), John the Baptist’s counsel to Roman soldiers who wanted to get right with God, as well as “*The workman is worthy of his meat,*” which Jesus said in Matthew 10:10 to his disciples who spread the gospel and were paid for their work as they traveled. Part of the reason Christians earn money, don’t forget, is to “*support the weak*” (Acts

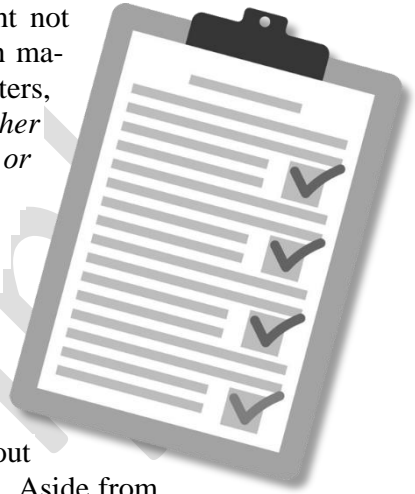
20:35). And do you remember how John Wesley encouraged Christians to earn all they can, save all they can, and give all they can? (See Section 2.3.)

As mentioned in the last section, when governments speed up saving and investing by reducing taxes and regulations, new technologies that make production faster appear more quickly. Workers increase their wages by increasing their *productivity* by using these machines and technologies. Those workers who make tables by hand receive wages for that, but workers who operate *machinery* that makes tables will receive far more, because they *produce* more. And not only does that benefit producers, it benefits *buyers*—since machinery makes the cost of items like tables cheaper.¹⁴

At this point in your life, you might not have many skills in operating high-tech machinery or other technology like computers, so you might think, *How can I earn higher wages if I don't know much about that or have much experience?* The answer is:

You probably won't at first.

But that's not a problem; you're still young! And you *can* start developing good work habits—you can start with cracking down on your math and writing, for one—and continuing to learn about whatever work God puts in front of you. Aside from productive ones, be aware that if you asked employers to describe the kind of employees they'd like to hire, they'd tell you that they're looking for those who have these skills or qualities:



1. They're willing to listen and learn to those in the company with experience and knowledge about how it works. If they have a question or suggestion, they ask the appropriate person about it, without coming across as a know-it-all.
2. They don't demand their own way, but work with others and prioritize the company's well-being—after all, its existence is why they have jobs!
3. They observe a basic principle of professional propriety: totally shunning all gossip about other workers and criticism of the boss or the company.
4. They work hard with this attitude: *If the company benefits, I have more of a chance to benefit too!*

¹⁴ Hazlitt, *Economics in One Lesson*, 23-24.

5. They appreciate that company owner(s) took a big chance by starting it, possibly risking all their life savings, or even their homes, against their chances of success. Those owners also might have spent many nights without proper sleep because they (a) worked very late into the night doing jobs that needed to get done, or (b) lay awake in bed thinking of ideas to help their business—maybe thinking of solutions to problems that arose. And those employees realize that those owners are taking a chance by hiring *them*, too.¹⁵

I haven't, unfortunately, always followed this advice to a tee; in several jobs I've had I got frustrated about this or that and didn't live up to those expectations. But I've had a few successes trying to keep these points in mind. When I worked for a fast-food restaurant in high school, I did extra cleaning when I wasn't actively taking orders or making hamburgers, instead of just leaning on the counter doing as little as possible, like some employees did. And one of my managers noticed. Two years later, that manager and I happened to be in the same computer class at college. I struggled terribly with the work, but he helped me for many hours, because he remembered and appreciated my trying to work hard at that fast food restaurant. Another job I had involved producing documents that were hundreds of pages long. We paid a printer tens of thousands of dollars per year to create customized paper for these documents, but an idea occurred to me of how we could do it ourselves much more cheaply. The company I worked for started implementing my idea, saved a great deal of money, and gave me a nice raise as compensation.

Do a Good Job, Get Fired

But keep in mind: There's no guarantee that if you do good work, your boss will extol you in front of everybody, or that you'll be handsomely rewarded with the riches of this life, like wads of cash and gold bars and chicken sandwiches with two pickles on them.

In fact, you might even raise the wrath of those around you for doing a good job! I was once fired from a job as a writer and editor; the manager came into my office a week after I received a good evaluation (and a raise) and said, "We have to let you go. We're having to correct too many spelling and punctuation mistakes in your writing," which I knew was untrue. I also once got a job doing simple accounting; the math was easy for me. But I avoided gossip in the lunchroom, and many workers and managers had very pro-big-government and pro-abortion beliefs which I disagreed with (but

¹⁵ John Saxon risked his entire home to start his Saxon Math company. If it had failed, he would have lost his home, after having paid tens of thousands of dollars on his mortgage for decades!

without ever arguing with them, or anything like that). After this became known, my manager came into my office one day and said, “We have to let you go; you’re making too many arithmetic mistakes,” which was laughably false.

And this kind of thing might happen to you, too! But don’t worry:



But and if ye suffer for righteousness' sake, happy are ye: and be not afraid of their terror, neither be troubled; but sanctify the Lord God in your hearts: and be ready always to give an answer to every man that asketh you a reason of the hope that is in you with meekness and fear: Having a good conscience; that, whereas they speak evil of you, as of evildoers, they may be ashamed that falsely accuse your good conversation in Christ (1 Peter 3:14-16).

Part of the reason Christians do what God tells us to do is simply because... that’s what He tells us to do. And on a similar note, one of the benefits of being homeschooled is avoiding the way government schools generally train students, which is *not* that doing the right thing is its own reward. Nearly all government school teachers and administrators are disciples of John Dewey (1859-1952), one of the key figures (unfortunately) in the history of American education. Dewey was an atheist and Marxist who believed that school children were simply higher evolved animals that teachers should train to behave in a certain way by offering rewards, like dangling a carrot in front of a mule to get it to walk forward. This is in stark contrast to a Christian’s obedience to God—just doing the right thing for its own sake. That’s what we should do at our work. So if you do well and are treated unfairly for it, don’t let it bother you! A clear conscience before God is a precious thing. As Jesus says...

“Let your light so shine before men, that they may see your good works, and glorify your Father which is in heaven” (Matthew 5:16).

What Do You Think?

1. What's something very easy that a student could look up instead of wallowing in that common complaint: "When am I ever going to use this?"
2. What are some things you could do at your age to increase your knowledge and productivity, even if you don't have a great deal of experience with high-tech machinery or computers?
3. Look at the list of desirable employee characteristics. Have you ever been at a job or in a class with anyone who matches up—or fails to match up—with any of them? How did it affect your job or class?
4. How can Christians handle a situation in which they get unjustly fired or blamed for something? What can they do beforehand to make sure they have a good conscience in case it happens? Has this ever happened to you or to someone you know? Describe the situation.

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