

# Economics

Grace and Truth—part 21

Sept. 10, 2023

## **DAY 1: Capitalism and Profit**

1. We live in a world where capitalism, otherwise known as free enterprise is under attack. It is usually under attack because of “crony” capitalism. Objections arise of unfairness and corruptness. There is no argument that unfairness is part of life. How many parents have had to break this news to their young children. “Life is not fair.” There is no argument that corruptness is bad. It also tells us that all of us have that corrupt “seed” in us.

*Genesis 6:11 Now the earth was corrupt in God’s sight and was full of violence. <sup>12</sup> God saw how corrupt the earth had become, for all the people on earth had corrupted their ways.*

2. When it comes to economics, every system of economics is going to be unfair, and every system of economics is going to be corrupt because all of us have that “corrupt” seed in us. Some call capitalism “crony capitalism,” but we can think of worse, such as “crony socialism” and “crony communism.” The big target under attack is “profit.”

### **PROFIT**

*Proverbs 14:23 All hard work brings a profit, but mere talk leads only to poverty.*

3. Some equate profit with greed, materialism, oppression, injustice, and unfairness. While there are some companies and people who abuse profit, in the long run, you will not be able to stay in business by abusing profit.

4. Ironically, the pursuit of profit has opened doors to some of mankind’s greatest progress. Elon Musk built electric cars. Airplanes, steel, cars, medicine, solar panels were driven by **finding a need, and meeting it.**

5. If your company doesn’t make a profit, you don’t have a job, a paycheck, a home, clothes. Every aisle at the local grocery store contains items that make a profit for the farmers, ranchers, manufacturers, drivers, the folks who stock the shelves, and ring you up.

6. The genius of capitalism is that it requires people to do good things for people that people need and are willing to pay for.

7. If you want to start a business you’ll need to create a product or a service that helps others. If it doesn’t really help others or meet their needs, they won’t pay for it. If you hire people to work for you, you have to pay them enough to want to work for you, provide benefits that help them. If you want customers, you have to create an environment where people like your shop and want to be returning customers. You’ll have to create customer service.

8. If you don’t make a profit, you’ll be out of business, and the goods or services others would have benefitted from are for naught. In the free enterprise system, you can’t stay in business without offering goods or services that people want.

9. Profit can be selfish, but without profit you’re out of a job or your company. Ironically, profit is what keeps you in business to **help** others with **needs** they will pay for you to meet.

10. What strikes you from today’s writing?

## DAY 2: What is socialism?

1. Socialism is all the rage on the university campus.
2. Socialism appeals to young people's idealism, utopianism, sense of fairness, and a heart for the underdog. While these items are noble, they are unfortunately not realistic. History tells us that socialism eventually torpedoed the very ideals it holds dear. The Bible tells us why.
3. Socialism began with Karl Marx. Marx saw all of life as a class struggle between the haves and the have nots. In his view, the haves rigged the economic system in such a way to benefit them at the expense of the have nots.
4. Eventually, Marx's movement morphed into two ideologies: socialism and communism. (What is confusing to modern young adults is that socialism almost always morphs into communism, given enough time).

Socialism is the pursuit of an economic system defined by government planning and direction.

5. The key is government control over production, exchange, and the eventual leverage over other sectors of life and the means of achieving national goals.
6. This flows directly from Karl Marx. Marx saw the world as the powerful over the worker. He envisioned a classless society, where everyone is equal. While that sounds utopian, the outcome is eventually, always the same. Virtually everyone suffers except the elite politicians.
7. Capitalism has been the biggest single driver of lifting people out of poverty. Lower taxes allow business people to hire more folks. These turn into tax payers.
8. Does a planned economy, as socialists call it, mean that an unplanned economy is worse? It depends on who is doing the planning. When you let the free market determine needs, and let the free market find a way to meet those needs, the economy grows, more people get hired, etc.
9. In a socialist, "planned" economy, the trend is always in the opposite direction. More people out of work, and shortages of just about any food or product. With socialism, a relatively small number of people do the planning for the masses.
10. With capitalism, everyone does the planning, from the husband or wife who goes grocery shopping with a list, to the farmers, ranchers, food processors, truck drivers, grocery store managers, and truck drivers—they do the planning.
11. In socialism, the individual is lost. In his or her place are the masses. And the masses are herded like sheep to the will and political goals and worldviews of secularists who answer to nobody but themselves.
12. Socialism needs a secular religion to sanction its authoritarian politics, and it replaces the traditional moral order by a code which subordinates the individual to the collective.
13. Socialism promises to distribute abundance, but is at a loss as to how to produce it.
14. What strikes you from today's writing?

### **DAY 3: What is communism?**

*Isaiah 10:1 **Woe to those who make unjust laws**, to those **who issue oppressive decrees**,  
<sup>2</sup> to deprive the poor of their rights and withhold justice from the oppressed of my people, making widows their prey and robbing the fatherless.*

*<sup>3</sup> What will you do on the day of reckoning, when disaster comes from afar? To whom will you run for help? Where will you leave your riches?*

*<sup>4</sup> Nothing will remain but to cringe among the captives or fall among the slain. Yet for all this, his anger is not turned away, his hand is still upraised.*

1. As we saw with socialism, the stated goal is a classless society.
2. But communism is socialism on steroids.
3. In communism, everything is owned by the state. There is no such thing as private property.
4. The Marxist utopian dictate is: “From each according to his ability and to each according to his need.”
5. While the goal sounds noble, it is the pursuit of a utopian end which can never happen. The end results are always the same:
  - a. Power is centralized in government,
  - b. Economic policy is “planned” by the central government,
  - c. The result is an inevitable lack of production. Why? The government takes away every incentive to produce except the incentive to survive.
  - d. Because this system is doomed to fail, the government has “no choice” but to tighten the screws on its own country, first economically, then politically, then absolutely, even to imprisonment and execution.
6. Communism removes the incentive of:
  - a. Owning your own home,
  - b. Creating your own savings,
  - c. Investing in your future and retirement,
  - d. Private choice as to work, and
  - e. Private choice of what you can buy and consume! Shortages become a way of life.
7. What strikes you from today’s writing?

## **DAY 4: What is capitalism?**

*Prov. 16:26 The appetite of laborers works for them; their hunger drives them on.*

1. Capitalism is also known as free enterprise.
  2. Capitalism is an economic system in which free choice prevails for enterprisers, consumers, and workers. It assumes that freedom of decision will provide both individual incentive and socially desirable rewards in the production and distribution of good and services. This is the opposite of an economic system which relies upon centralized planning by government elite.
  3. Free enterprise involves private ownership and control of capital and property, the means of production, prevails; where each individual enjoys freedom of decision in matters relating to the economy; and where income is distributed roughly in proportion to an individual's input of labor, skill, or resources. Profits and losses determine the firms that will continue to operate in the economy.
  4. Additional factors in capitalism:
    - Freedom of competition among producers and workers
    - Freedom of investment for private capital in any productive enterprise enjoying legal status
    - Freedom of choice in profession, vocation or job
    - Freedom of contractual relations in all transactions
    - Freedom to determine the kinds, quantity, quality, and price of goods and services in compliance with consumer demand
    - Freedom to save a portion of current income for future use
    - Freedom to organize among producers, workers, or consumer for mutual advantage.
  5. As we observed in two previous weeks, government is held responsible for the enactment of legislation guaranteeing these freedoms to all competitors. Government protects us from unscrupulous and wicked economic practices.
  6. Why is free enterprise so popular? It opens possibilities for everyone. If unfettered by government, it stimulates the economy for growth and the magnitude of the GNP.
  7. It can be maintained only where personal integrity of the laborer, producer and consumer are united in support of the rules of law designed to keep the facilities of free enterprise open to all who would participate in the system.
  8. The bible repeatedly affirms capitalism in its principles, laws, and examples.
    - Bartering, trading, lending, repayment of debts, savings,
    - Honesty, honest weights and scales (Genesis 39:6; 2 Kings 12:15)
    - Industry: Christian work ethic; (Prov. 6:6-11)
- Prov. 12:11 He who works his land will have abundant food, but he who chases fantasies lacks judgment.*
9. What strikes you from today's writing?

## **DAY 5: Economic abuses (found in any system of economics)**

1. The bible warns us about sinful ways we address money.

a. Bribery, usury, unjust gain, etc.

*Ezekiel 22:12 In you men accept bribes to shed blood; you take usury and excessive interest and make unjust gain from your neighbors by extortion. And you have forgotten me, declares the Sovereign Lord.*

b. Fraud, defrauding.

*Leviticus 19:13 “Do not defraud or rob your neighbor. “Do not hold back the wages of a hired worker overnight.”*

*Luke 3:13 “Don’t collect (taxes) more than you are required to...*

c. Laziness and slothfulness

*Prov. 10:4 Lazy hands make a man poor, but diligent hands bring wealth.*

*Prov. 18:9 One who is slack in his work is brother to one who destroys*

d. Excuses:

*Prov. 26:13 A sluggard says, “There’s a lion in the road, a fierce lion roaming the streets!”*

e. Idleness

*2 Thess. 3:11 We hear that some of you are idle.... If a man will not work, let him not eat.*

f. Procrastination

*Prov. 12:27 The lazy do not roast any game, but the diligent feed on the riches of the hunt.*

g. Presumption and greed

*Luke 12:16-21 <sup>20</sup> “But God said to him, ‘You fool! This very night your life will be demanded from you. Then who will get what you have prepared for yourself?’ <sup>21</sup> “This is how it will be with whoever stores up things for themselves but is not rich toward God.”*

h. Dishonesty

*Prov. 13:11 Dishonest money dwindles away, but he who gathers money little by little makes it grow.*

*Prov. 11:1 The Lord abhors dishonest scales, but accurate weights are His delight.*

- i. Materialism (Luke 16:10-13)
- j. Sleeplessness, (Eccl. 5:12)
- k. Disappointment (Eccl. 2:20)
- l. Restlessness (Psalm 39:6)
- 1. What strikes you from today's writing?