The Bible, the State, and the Economy: A Framework for Analysis

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Most Christian economists acknowledge the relevance of Christian faith to the economic framework of society, but this recognition is seldom accompanied by detailed biblical exegesis. In this essay John D. Mason and Kurt C. Schaefer argue for the relevance of "the political economy of pre-monarchical Israel" to the current crisis in economic theory, and support their claim with detailed exegetical and historical discussion of the Pentateuchal legislation as it bears on economic matters. Mr. Schaefer teaches economics at Calvin College; Mr. Mason teaches economics at Gordon College, and at the time when this paper was first written was visiting professor of economics at Calvin.

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In reaction to the economic consequences of Mercantilism, and a conception of society defined by an aristocratic few, Adam Smith and the classical economists generally laid the foundation for what we have come to call democratic capitalism. An economy with relatively few roles assigned to the state should unleash private initiatives that would escalate levels of employment and income. Greater suffrage should check the potential for harmful, concentrated power and allow the masses to express their preferences more fully and peaceably. Those nations that followed this advice consistently (primarily countries in North America and Western Europe) have, most would concede, realized the portended benefits for the majority of their citizens.

The two centuries since Adam Smith have witnessed the emergence not only of democratic capitalism but also a number of socialist and middle-of-the-road reactions to it-in good part because of unequal distribution of income and bouts of excessive unemployment which are deemed unacceptable. A number of Christian voices have been part of the chorus of reactions. Representative samples of this would include: the Oxford Conference of Church, Community and the State in 1937 (a gathering that foreshadowed the formation of the World Council of Churches);¹ the more recent papal encyclicals, especially "Laborem Exercens" in 1981; and Economic Justice for All, the statement on the U.S. economy by the U.S. Catholic Bishops.

There is mounting evidence, however, that a number of the socialist alternatives to democratic capitalism have held little prospect for improving the economic functioning of society, and generally concentrate political power in ways that leave citizens worse off.² Witness the attempts of numerous citizens to leave a number of socialist nations, as well as the privatization efforts in virtually all nations. In other words, we face a more confused socio-economic reality, with regard to the most ethically appropriate means for achieving given objectives, than many detractors of democratic capitalism thought existed even a few years ago.

If the appropriate economic means are not as clear as they once were for many of the critics of democratic capitalism, what about the quest for the objectives themselves? Has modern democracy offered an adequate specification of what ends or norms society should pursue? Unfortunately modern democracies tend to be in something of a quandary in this regard as well. That the structures of society should reflect whatever washes out of the pluralistic interchange in the public square is deemed unacceptable to most observers. Are there not certain verities that should constrain society other than the raw results of majoritarian democracy?
John Rawls, one of the most prominent contemporary voices in moral philosophy, contends that the results of majoritarian democracy have been biased by the current assignments of goods and social positions, and thus do not reflect the true “preferences” of the citizenry (the norm in this ethical appeal); agents act to preserve their existing positions and thus do not reveal their ideal preferences for society. To get around this problem Rawls would place citizens behind a “veil of ignorance,” a strange voting booth within which citizens lose awareness of their status in society. In such a position citizens would reveal their true preferences. Most interpreters understand this prescription to involve far more state intervention and income redistribution than is known in the United States today.  

Robert Nozick, a prominent competing moral philosopher, finds Rawls’ specification troublesome. He argues that we should reason from an imagined condition in which each citizen is free of the effects of past injustices (slavery, for example), and then ask what type of state these individuals would justify. This exercise leads Nozick to construe a very limited set of state roles within society and the economy—a far more limited role for the state than the U.S. knows today. To Nozick, majoritarian democracy justifies too much state intervention; to Rawls it justifies too little.

The popular debate swings between these two poles, whether the issue is allowing abortion or making welfare recipients take “just any job” (as a condition for receiving assistance) or placing a tariff on imported steel. In other words, post-Enlightenment “moral philosophy” (to use that old-fashioned word, linking Adam Smith with John Rawls and Robert Nozick) is at something of a crisis when it comes to discerning the appropriate role for the state within society and the economy.

It is in this context that we appeal to biblical teaching. More than at any time in the past two centuries, many in the West have realized the need for fresh insight into both forming objectives and selecting the means to achieve them. By searching the roots of a major tradition affecting moral obligation in Western society (the Judeo-Christian ethic) we may be able to shed light on the appropriate role for the state in the modern economy.

We must issue an early warning. The topic of the “state within the economy,” in all possible implications of that relationship, represents far too broad an undertaking for a single paper. What we set forth is a hermeneutical and ethical framework for addressing this. In the process of developing our framework we offer some suggestive applications to indicate the type of subsequent work that should be done.

The foundation of our argument is a more detailed consideration of the biblical record than generally is used in ethical appeals, examining especially the political economy of pre-monarchic Israel. We argue that in the Mosaic provisions designed for early Israel lie intentions the God of creation holds for all peoples and nations. Our position faces at least two counter-arguments: (1) that what we find in the Pentateuch is primitive stuff (and, for the skeptic, the creation of man and not God) and hardly informative to contemporary societies; (2) that the pentateuchal materials, though Yahwistic and faithful, are intended to inform a theocratic society only, and therefore are of consequence today (if at all) for the Church and not applicable to contemporary societies. We demur in both cases.

That the biblical provisions are developed amidst primitive economic conditions quite unlike those facing contemporary, economically developed societies is obvious. That these provisions are primitive ethically does not follow, however. We do not call for application of the specific political and economic institutions of the Pentateuch in contemporary societies, but for discerning the moral emphases or norms which the institutions promoted. Even in a purely natural sense, modern societies can learn from this very early society—especially given the widely conceded high moral character of many of its ways. Acknowledging early Israel’s many commendable moral attributes, our theory of the state rests on a different premise: God did indeed speak
through Moses to this people, and intended this instruction to serve a broader normative purpose beyond this people.

We reserve a full discussion of the second counter-argument to our position for section III, but we note here that a biblical ethic may indeed find different application within the covenant people than to those outside the covenant relationship. There are at least two directions to the counter-argument we face. One sees the majority of the Mosaic provisions as having contemporary validity only within the Church and not to the wider society. The other position acknowledges very little contemporary normative content because Christ came to bring an end to the Law (Rms. 10:4); we now are guided by an ethic of grace (love of God and love of neighbor). In either case the ceremonial (or sacrificial) laws would be fulfilled by worship of Christ, and there is some sense of broad continuing validity to the Decalogue as an early expression of ethical sensitivities common to all peoples.²

But the foundations of Scripture’s social, political, and economic ethics all are laid in the Pentateuch, and are intended to inform all peoples (Gn. 18:18). The ethical urgings (the “spirit”) of these provisions are attested to throughout the Bible, running from the Pentateuch through the prophetic and wisdom literature to the New Testament (e.g., Lk. 16:19-31). The so-called “love ethic” of the New Testament does not replace the Mosaic provisions but gives further expression to the ethical sensitivities embedded within the earlier provisions (Lev. 19:18), just as the earlier provisions help give specific expression to the meaning of “love” in any particular situation.³

We hope that our hermeneutical approach will lend emphasis to one practical point for Christian scholars: the Mosaic provisions deserve a much more careful exploration than we typically read among social commentators. Moreover, this is a task for the social sciences along with the biblical scholars and ethicists who traditionally have undertaken such efforts, in that our grasp of the ethical nuances for contemporary policy dilemmas will benefit from the training of scholars who traffic daily in the study of natural revelation.

We are not arguing a unique hermeneutical position. Several biblical scholars and ethicists argue approaches with which our position comports:

It is the Law of God that love brings to completeness. Love is a commitment to the good of the other, but it does not in itself specify what that good is. The implementation of love must depend upon a theory of human needs and of values and of how they are interrelated. In appealing to love one also must specify with what understanding of morality one loves. The morality that directs the way in which one loves in the Bible is the Law of God, articulated in the Old Testament and clarified in the New.³

In my view, however, it seems in principle entirely appropriate to investigate Yahweh’s ways with Israel and to ask at various points whether his word or his acts are what he might say to or do with any nation. Even if law is covenant-law, this does not exclude its being at the same time the expression of universal principle. Indeed, the OT’s understanding of the relationship between Israel and the nations perhaps directly suggests that Yahweh’s way with Israel models his way (or what could be his way) with the nations (cf. Gn. 12:1-3; Jonah).¹⁰

That is, we assume that if God gave Israel certain specific institutions and laws, they were based on principles which have universal validity. That does not mean that Christians will try to impose by law in a secular state provisions lifted directly from the laws of Moses. It does mean that they will work to bring their society nearer to conformity with the principles underlying the concrete laws of Old Testament society, because they perceive the same God to be both Redeemer and lawgiver of Israel, and also Creator and Ruler of contemporary mankind.¹¹
Torah is, first, the legislation delivered to Israel through Moses on Mount Sinai. But if we look at it more closely, we get a dear impression that this is not simply a matter of potentially arbitrary commandments which God gave simply because he chose to. Rather the law affords an insight into the contours of God's own ideal will for his people and for all mankind. This was sometimes expressed in later Judaism by saying that this same law which Moses received existed already before the creation of the world, and served as the pattern or even as the tool which God used when he made the world. As the pattern of God's mind, the guiding principle of his own conduct as well as the conduct of Israel, it is rather more like what we might call 'natural law' in many ways. God has made the world in such a way that it exhibits a moral order; and this has the corollary, which was drawn explicitly in late Judaism, but which is already essentially present in the Old Testament, that God himself is in some sense bound by his own laws ... Thus 'natural' and 'revealed' law are regarded as one and the same thing; but this is not a matter of mere theory or of definition, it is a conclusion won through a hard struggle with the facts of the nation's experience, a struggle which is duly recorded by the Old Testament writers.

To do good, on such a view, is to imitate God, to do the things he would do, if he were a human being; and what these things are can be read off in some measure from the things he has done, especially his acts of love and faithfulness towards Israel in the crucial early years of her existence—in the Exodus, the giving of the promised land, the establishment of the temple and the other sacred institutions. It is just for this reason that it is essential to record these events. The rules which God requires Israel to observe can be seen to be congruent with his own character only if the events which show what that character is are also recounted. His purposes for the future, in which that character will continue to be consistently manifested, also need to be included in any full account of the basis of Torah; and so the historical books run off without a break into prophetic books which confirm for the reader that God will continue to be in the future as he has been in the past, true to the sorts of moral principle that he lays upon men. It might be said, then, that for the Old Testament as we have it ethics is a matter of imitating the pattern of God's own actions, in salvation and in creation, because these spring from a pattern which always exists in his own mind and by which he governs the world with justice and mercy. Torah—in one aspect simply the law of Moses is in another aspect the design according to which the world was created, and which makes sense of it; and by adhering to it human beings form part of God's plan, and enjoy a kind of fellowship with him.\textsuperscript{12}

We recognize the danger of reading contemporary social reality or debates into the biblical record. Economics has its own version of this problem in the "Methodenstreit" of the late 1800s: a debate that continues to the present in the dialogue between the mainstream and institutional methodologies for doing economics. Such a danger should not tie our hands however. One counters this danger by: (1) reading extensively in the era of the biblical materials; (2) recognizing the potential for bias, and (3) seeking to be empathetic.\textsuperscript{13}

II

Section I developed our hermeneutical orientation, emphasizing a careful consideration of the Pentateuch as the foundation of ethical insight for the economy. Section II develops some ethical emphases that characterize this setting and God's teachings through Israel (as a 'light to the nations'). Section III refines the hermeneutical approach, followed by a contemporary application in Section IV.

We begin by considering Israel's geographic location (in the midst of the nations), the nature of the surrounding nations, and God's choice to locate Israel in such a setting. Canaan-land at the time of Israel's settlement and occupation was at the cross-roads of a number of trade routes from Egypt to Mesopotamia (and, to a lesser extent, Asia Minor). God chose to locate Israel smack in the midst of the major early civilizations (and not out of the way in northern Africa or Europe). Although the eastern part of the land knows a very hilly topography, ideal for protected settlement (though difficult for farming purposes),\textsuperscript{14} the western region was very accessible
militarily. In terms of cultural and military influence and incursion from without, God placed Israel in a vulnerable position.

It is important to recall the nature of the surrounding societies: feudalistic and totalitarian settings, built up from the labors of slaves and serfs, and very hierarchical. The religions and religious overseers of these societies typically were used to legitimize the ruling economic and political powers.\textsuperscript{15} Though there are a number of commonalities among the region’s law-codes, there also are crucial distinctions that show the unique nature of Israel.\textsuperscript{16}

Why did God locate Israel in such a setting? The inescapable reason, indicated by Scripture’s own commentary, is that Israel was intended to be a ‘light to the nations” (11 Chron. 6:32-33; Ps. 15; Is. 2:2-4; 42:1-4; 49:6; 51:4-5; 60:1-3; Jer. 3:17; Joel 3:12; Micah 4:1ff; Rev. 15:3).\textsuperscript{17} The Law was given initially to Israel, but was to be a light to the nations. Similarly, the Gospel was given initially to Israel but was commended to all the peoples of the world-as a “light to the Gentiles” (Luke 2:32; Acts 13:47; 17:31).

If Israel, and more particularly the Mosaic law-code, was to be a “light to the nations,” how was this light to be made known? A crucial starting point is to understand how God intended the law to be implemented, and the ethical implications of this. Pre-monarchic Israel represents a type of social, political, and economic norm, to which the remainder of Scripture refers back. Seen in the context of the surrounding nations of the time, as well as the later monarchic history of Israel, this clearly is so. Note Judges 8 and 9, 1 Sam. 8 and 10, Hosea 8:4, where God’s concern for a society without concentrated power and with more egalitarian relations is made clear. Most studies in the more recent sociological analysis of early Israel make this point clearly.\textsuperscript{18} Our hermeneutical leap is to suggest that this era can offer insight to contemporary societies as well.

Our argument is that Israel’s history under the monarchs offers little normative guidance. God \textit{did} allow a monarchy, and David as monarch is an important figure in Judeo-Christian tradition (as much for his abuse of the centralized powers of the state, as for his desire to use the state to serve God). But the monarchy clearly was not normative. God did not desire the kingdoms ruled over by Saul, David, and the others. He did however accommodate them by His grace, and then sought to constrain their harmful potentials.

Pre-monarchic Israel was: a “segmentary society, with the anti-authoritarian, anti-hierarchical tendencies characteristic of such societies”\textsuperscript{19}, a “radical departure from the city-states of Canaan and mesopotamia of the Late Bronze Age.”\textsuperscript{20} There was no conventional central government and no standing army of professionals or aristocracy of land-owners.\textsuperscript{21}

In terms of socio-economic structure pre-monarchic Israel was largely a subsistence, agrarian economy built around small isolated communities and extended families.\textsuperscript{22} The trade routes through Israel brought it into contact with the goods and ideas of the entire Near East, and facilitated the greater specialization and economic growth that was achieved by the eighth century B.C. In terms of the political order, Gottwald refers to this setting as one with diffused leadership (elders and priests, occasional military leaders, prophets). Mendenhall at one point refers to the setting as a community without a state (cf. note 20 above), and at another point says, "the political structure exists for the well-being of those who live under its control, not the opposite."\textsuperscript{23}

The conventional wisdom among scholars is to see a very limited if not nonexistent state. But there was a state. A legal corpus existed of Yahweh, mediated through Moses. There were those who would enforce this law/covenant/constitution.\textsuperscript{24} There were sanctions (Nbs. 35:12; Josh. 20:6-9). In the small communities in which most Israelites lived, administrative oversight and justice were carried out by the elders of the extended families (“the elders at the gate”), using the Law of Yahweh as their primary guide.\textsuperscript{25 26}
The broad norm constraining the state and characterizing any judicial proceedings was "justice and righteousness" (I Kgs. 10:9; Ps. 72:2). But this is a broad norm and would need far more concrete specification in actual practice through appeal to a number of subsidiary norms. In the paragraphs to follow we explore several applications of these subsidiary norms, recognizing that far more work needs to be done in each case in order to gain the desired contemporary insight. A just and righteous society would be marked by:

1. A special concern for those who are in need because of circumstances beyond their control—the 'ani and the 'ebyon in the Old Testament record. But by what means is this objective to be achieved? We argue for several subsidiary norms: the level of assistance should be sufficient for need; a work obligation for those receiving community assistance is appropriate (with a mutual obligation upon the community overseers to assure that sufficient work exists); there should be no shaming of these poor citizens in providing assistance; prevention of impoverishment clearly is preferred to assistance once one becomes poor.

2. Protecting the freedom and preserving the economic viability of the extended family, whether from economic adversity or social and political arbitrariness. The assignment of property rights primarily to private hands (cf. the 8th commandment) testifies to this. Private assignment, particularly in widely dispersed hands (each extended family), provides good grounds for individual creativity and dignity, and lessens the potential dangers of excessive concentrations of political power. The image used by Micah specifies this norm: "And each of them will sit under his vine and under his fig tree, with no one to make them afraid, for the mouth of the Lord of Hosts has spoken." The jubilee institution (Lev. 25) also functions to preserve the dignity and economic viability of the extended family, with its concern to maintain an independent and adequate economic base for each extended family.

3. Stressing the importance of work. This theme is implicit in the so-called "creation mandate" to subdue and conquer, and is specifically addressed in the Decalogue ("six days shalt thou labor"). New Testament commentary also affirms the importance of work—extending it to warn employers about fair and just treatment of their employees (Col. 3:22ff). This norm implies commitment by the larger society to a policy of full employment, as well as a commitment to human capital provision (which we suggest the jubilee institution addresses).

4. The honoring of contracts and commitments. Israelites were not to bear false witness. Commercial dealings were to know true weights and measures. Property markers were not to be moved. Damage done by straying cattle due to the negligence of the owner was to be compensated for by higher fines than where negligence was not involved. This is not to say that all contracts should be honored by those responsible for overseeing justice. Contracts that violate other norms should be abrogated (for example, contracts which take a worker’s millstone or cloak, or contracts which oppress the poor or deny the livelihood of an extended family).

5. The creation of wealth—interpreted as economic conditions which generate more jobs and higher incomes. The most potent means of lessening the amount of poverty within societies over the centuries has been greater economic growth. Stable and privately assigned property rights, along with respect for contracts generally, have been the most effective means for achieving economic growth. Properly overseen work settings and high levels of worker productivity ("work as if you were working for the Lord") also serve the end of strong economic growth. Israel’s geographic placement allowed it to benefit from the potential for specialization, and thus to realize greater economic growth than otherwise would be possible (a result we assume was God’s intention). Clearly the achievement of economic well-being is a commended norm in the biblical ethic.

Pre-monarchic Israel and the Mosaic law-code are the foundation for normative biblical insight. This contention is reinforced by considering the history of Israel under the several monarchs. As the pre-monarchic era was subject to the temptation towards an uncaring individualism which
would fail to achieve God's concern for justice and righteousness, so the monarchic era was subject to the temptation to concentrate power and use it improperly. The Law of Yahweh was to serve as a norm in both eras (Dt. 17:14ff).

It would be easy to exaggerate the power of the monarchs; it is likely, for example, that David did not have that much power beyond Jerusalem. For the majority of the Israelites, life would have gone on under the monarchies much as it had before. Ideally, were the monarch to resist the temptation to abuse whatever power he had, a more centralized state allowed the potential for more efficient provision of public goods—such as fortress cities near likely points of invasion. The Temple may be another example, though the danger of the monarch's capture of the religious establishment to gain religious sanction for questionable undertakings clearly attended this project.

Nonetheless, biblical warnings about the dangers of the monarchy abound. Scripture clearly teaches a wariness of concentrated power: an extrapolation, it would appear, of the implications of the fall. If individuals are prone to sin, better to prevent them from gaining too much economic and/or political power whereby the effects of their sin can affect numerous others. Though there are a number of state functions legislated in the Mosaic laws, and thus a clear legitimacy for a state (Dt. 16:18-20; 17:8-13), there is no provision for a king. The provision of a king in I Sam. 9:16 is preceded in I Sam. 8 and followed in I Sam. 10:19 and 12:12 by clear indications that this was not God's preference for Israel. If the people insisted on having one, God preferred to choose him. Deuteronomy 17:14-20 explicitly warns that if and when Israel chose a king, he was not to concentrate his military and economic power, and was to read Yahweh's laws daily in order to prevent abuse of his power. The sabbatical and jubilee institutions (Ex. 21:1-3; 23:10,11; Lev. 25; Dt. 15:1-18) would, if practiced faithfully, prevent concentrations of economic power. Finally, the repeated cries of the prophets against the abuses of concentrated power (e.g., I Sam. 16:2; II Sam. 11; I Kgs. 12:14; 21:1-16; II Chr. 16:10; 26:16) stand as telling testimony.

Both in the positive instructions of the Mosaic law-code, intended for a society with a limited though essential role for the state, and in the experience under the monarchs of the dangers of excessive concentrations of economic and political power, we are able to discern ethical emphases or norms that offer guidance to contemporary societies.

III

In this section we consider contemporary implications of our biblical appeal for ethical insight. We stated our hermeneutical orientation in section I to work very carefully from God's revealed concerns as contained in the provisions of the Mosaic law-code and the experiences of pro-monarchic Israel. We then considered in section II something of the nature of these provisions and experiences. In the process we sketched out some possible ethical emphases or norms. As we now contemplate contemporary implications of these norms, we stress once again that our work is an overview and the implications we draw suggestive only. The first task of this section, however, is to further refine our hermeneutical approach. In what sense can we hold the ethical themes of Scripture up against contemporary societies?

It is clear from the texts we have considered that scriptural social ethics were meant to be normative for all people, and not merely the covenant people (of either Testament). God's written Word, the Incarnate Word, and God's people are each repeatedly identified as a "light to the Gentiles." The classical prophets judge the surrounding nations by the standards of the Law. Eschatologically, the nations of the earth and all peoples of the nations are ultimately judged by God's revelation; the splendor of the kings of the earth will be taken up into the New Jerusalem, where nothing impure is allowed, as the nations walk by God's light (Rev. 21:24, 26, 27). To the extent that God has revealed a social ethic, its norms are meant for all peoples.
This leaves two questions: which law is to be applied to the nations, and how, in our era, are we to bring it to bear on the nations? In asking which law is to be held before the nations as normative, we wish to consider the common three-part division of the Law: a moral code (or Decalogue), taken to be binding upon all persons; a civil code, taken to apply only to God's covenant people in ancient times (and the Church today?); and a ceremonial or sacrificial code, taken to be fulfilled in Christ and no longer binding (or only allegorically binding, through our worship of Christ).

We have two concerns with this tripartite attitude toward the Law. First, it is nearly impossible to implement this approach in practice, because the law cannot be neatly disentangled into three sections or themes. The Decalogue contains cultic/ceremonial instructions. The ceremonial/Levitical code embodies not only symbols accomplished in Christ, but also sweeping civil and moral injunctions which are intended to inform even modern life (such as the ethics of the sabbatical and jubilee years). The Pentateuch contains charitable, family, and criminal law codes which do not fit well into any of the three common categories.

Our second concern with the traditional division of the Law is that it tends to gut the Law of much of its social teaching. By holding that the “moral code” alone is binding on the nations, we are left with a bare “constitution” of the covenant nation. This code has social implications, but most of them are spelled out elsewhere, these other sections of the Law have been excised as irrelevant to the nations about us.

A more appropriate attitude toward the Law would first induce the moral principles throughout the Law, and then hold these norms up as light before the nations. Some of these principles indeed apply only to the covenant people, but not because they appear to be ceremonial or civil. Instead, “criminal” law in the Pentateuch-law punishing crimes which were viewed as threats to the covenantal status of the nation-will likely find modern application primarily within today’s covenant people. Israel was a theocracy, and some of its law must be read with that in mind.

Non-criminal law is more easily applied to those outside the covenant. We are, for example, more concerned that modern, pluralistic nations meet the Law’s expectations for maintaining access to the poor than that they exclude homosexuals from the life of the civilization.

If the moral principles throughout the Law are to bear on the nations, how in our era are we to bring this about? The application should be in paradigm rather than literal, and in mission rather than triumphalist. In order to meet the moral intent of the Law, we clearly must view the Law as a paradigm: a set of principles bound up in some particular historical circumstances. If we were to apply the Law literally as written, we would in many cases not meet the Law’s clear moral intentions. This is most obvious in the cases of ancient gleaning laws or the use of pruning hooks to maintain environmental quality.

Our application of the Law must also come in mission rather than being triumphalist, in that we must be cautious about immediately imposing upon others the standards expected of covenant people. Our common life in pluralistic secular nations is supported and bound together by the covenant with Noah, not the covenant with Moses. In God’s goodness He has maintained a common grace by which those who are outside of his special covenant have retained at least some measure of wisdom, insight, and basic morality. It is upon this base that we normally construct a civilization or an economy. While it is a covenant person’s responsibility to call one’s nation upwards in its social norms, we cannot expect to immediately impose the Law of the covenant on societies which may not be ready for it.

The Law of Israel presumes love of God by society’s participants, a love which does not exist for all those in modern, pluralistic nations. Therefore, bearing biblical norms in mind, the task of God’s people is to discern the limits of their culture, and to call it as close to biblical norms as is currently reasonable, in a way that leaves the door open for further movement in the future. We expect that it is for this reason that the faithful servant is described as one who will both bring
forth justice to the nations and also not break a bruised reed or snuff a smoldering wick, nor shout or cry out or raise his voice in the streets (Is. 42:1-4). We must not make the perfect an enemy of the good.

This tentative, provisional bringing of the Law to bear on secular nations is in the spirit of the rest of Scripture. This was, in fact, God’s attitude at times in bringing his Law to the Israelites; consider, for example, Jesus’ explanation of Moses’ allowance for divorce in the Law (Matt. 19:7-8). We generally adopt the same attitude in applying biblical ethics to our own social situations. For example, while we as Christians are obliged to turn our other cheek and to give up our second cloak to one who takes our first, and while we might call our society toward practicing the same ethics, we do not normally enforce these ethics by law; we do not expect the police to return captured thieves to the scene of the crime so that the second cloak may be appropriated.

Perhaps an "academic" analogy will clarify this issue. Imagine that you are the instructor of a college-level course, and that one person in the course is both your student and your daughter. You are accustomed to dealing with your daughter according to the social ethics of your household. This may mean that if she agrees to take out the garbage and later forgets, you quietly do the job for her, realizing that you too have made mistakes within the home. But the same set of ethics cannot be applied to her as your student, nor can it be applied to all other students in the course. While you might hope that she will live up to a higher set of expectations than your other students, and while you might hope that her presence would raise the ethics of the students around her, and while this influence would improve the overall operation of the class, you cannot issue general rules for the class which imply that if one person misses work you will make it up for them.

To complete the analogy, the instructor has been put in the place of God, overseeing a society in which only a few have experienced love of Him and life in his family. Whereas ethics within the family reflect the norms of love and service, we find that we are frequently driven in less intimate social situations to orient ethics more toward justice and fairness. It is not that we do not wish the same ethics would apply in both situations; we merely affirm that the fall has influenced those around us, and that we may not arbitrarily impose ethical standards on those who are not ready for them.

If our task in economic life is therefore to discern the limits of our culture and to challenge it to take the next step in pursuing higher norms, the process will require professional experimentation, insight, and wisdom. We should resist the tendency to read Scripture as something which speaks so precisely to every economic situation as to make these professional enterprises irrelevant. Economists have several centuries of practice from which to draw, a practice which has yielded some helpful generalizations about an appropriate role for the state. In particular, we find it very difficult to make a Christian case for anarchy or libertarianism. "Justice and righteousness" is the over-arching biblical norm for economic life, and this norm does not appear to be served very well by either of these systematic economic philosophies. At a minimum, we have clear evidence of the existence of "market failures" and the need for a "social safety net." Neither anarch y nor libertarianism clearly results in a more just or righteous situation than any conceivable set of stronger state structures.

While there are clear cases of market failure and the need for state action, there are also clear sources of government failure and "rent-seeking" behavior, the private use of the state for personal gain. Scripture is consistently wary of the dangers of concentrated economic power, and assigns property rights primarily to private stewardship. We are likewise very suspicious of an excessive state presence in the economy.

Between the polar extremes of libertarianism and statism there exist Christian arguments for positions ranging from very limited state roles to far more activist roles (favoring, for example, a mandated democratization of the workplace). This part of the political-economic spectrum
seems much more plausible from the biblical record. The appropriate point on this spectrum for a particular economy will depend on several things: the current norms of the people in that economy (as outlined above), the current state of the economy, and, to some extent, the cultural traditions and preferences of those within the economy.

Two economies in different "current states" (for example, at different levels of national income, or with different common-property natural resource endowments, or with different natural requirements for public goods) will obviously require different amounts and types of state involvement in the economy in order to meet the same biblical norms. Two different cultural traditions (for example, with different inclinations about who should run utilities and transportation systems, or about the desirability of zoning laws for the maintenance of traditional architecture, or about the extent to which traditional production techniques should be preserved) will also require different amounts and types of state involvement in the economy in order to meet the same biblical norms. In sum, it is likely that no single universally authorized economic system exists in Scripture.

While less specific than we might like, this set of standards may offer as much detail as is possible without forcing Scripture to speak where it does not speak. On the other hand, these standards are specific enough to create anxiety about the current left-of-center synthesis on economic policy among Christian social ethicists and theologians. Scripture never speaks of government as a benign, impersonal outsider, responsible to come and establish justice in an otherwise selfish world. This sentiment has more in common with the Enlightenment than with revelation. It is much more characteristic of Scripture to speak of government as a necessary, powerful, fallen institution which must constantly be supervised and restrained from rent-seeking behavior.

We might even conclude that, while Scripture may in some ways be less specific than we wish, it also is more specific than we desire on a number of occasions. In this paper we have derived more ethical principles for economic policy than most nations have had the wit or will to pursue. We have seen that economic policy must go beyond a bare-bones safety net for the poor, to actively maintain access (good schooling, for example) and employment opportunities for all to meet their own basic needs. At the same time, Scripture has high work expectations for the poor, and would clearly discourage government assistance or retraining programs which stigmatize the poor, or leave them less able to care for themselves, or disrupt the stability and freedom of family life. It is a clear implication of the norms we considered that care for the poor, however financed, be conducted through the "mediating institutions" of extended family and local governance as much as possible. Scripture also issues a call to subdue and to till the earth, which both establishes the need for an institution to care for the environment and establishes the creation of wealth as a desirable goal. A wholehearted search for means to act upon even these few norms for the role of the state in the economy will more than fill the attention of concerned Christians in the last decade of this century.

IV

Our topic has been the appropriate role for the state in the economy. This is far too broad an agenda for a single paper. Therefore we have attempted to provide a hermeneutical and ethical framework for addressing this problem. With this foundation laid, each possible area of state involvement within the economy needs to be examined carefully and separately. We have examined elsewhere assistance to the poor in economically developed countries (see note 28 above). It seems prudent to conclude by examining one brief case-study in the application of the subsidiary normative principles we have developed. This should offer some sense of the on-going project that needs to be pursued. Given space limitations, our analysis will be suggestive at best.

Tremendous levels of public debt in Latin America were run up in the late 1970s, as rising oil prices created both a capital surplus in oil-producing nations and a need for capital in import-
dependent areas. Large commercial banks were only too happy to assist in striking a deal between the oil exporters and oil importers, converting oil profits into loans. Until 1981 this financial system seemed to prosper. The lending activity was carried out by a relative few major banks. The recipient nations also were concentrated geographically, with over half the total flowing to Mexico, Argentina, and Brazil.

Unlike most commercial loans, which must be used to finance productive investments which then create the wealth to pay off the loan, the majority of these loans were used to finance either government budget deficits, increased consumption spending, or "capital flight." (Capital flight is fueled by governmental borrowing of foreign currencies, which are then made available at artificially cheap prices, allowing the relatively wealthy to move their cash to safer venues rather than invest in the local economy.) For example, in the four years before the eventual collapse of the loan recycling mechanisms, $30 billion left Argentina and $55 billion departed Mexico, bound for the same banks making the initial loans. (To put these amounts in some context, even by 1982 the total external debt of these two countries was only $43.6 and $84.9 billion respectively.) In relatively few cases (Brazil is an example) was the new debt associated with significant additions to the productive base of the recipient economy. Though aware of the uses being made of the loans, the banks actually accelerated the rate of loan making throughout the pre-crisis era.

This delicate lending system finally crumbled in 1981. The decision by the Federal Reserve System in the United States to end the inflation of the preceding fifteen years resulted in very high real interest rates, which in turn led to a steep recession in the industrialized nations. This squeezed the borrowing nations from two directions: the quadrupling of real interest rates significantly raised the cost of making interest payments; the developed-country recession reduced the quantity and price of the LDC exports which earned the foreign currencies needed to pay off the debts. After a period of further increased lending to cover the severe debt repayment crisis, 1982 saw the first instance of a Latin American borrower unable to put together the resources to even refinance interest payments. The debt crisis was upon us.

What response to the debt crisis is most in keeping with our ethical framework? Some have proposed that outright forgiveness of the debt is the only genuinely biblical approach. The surrender by the South of $28 billion per year to the industrialized nations of the North seems inconsistent with Jesus' ethic of lending without expecting a return of our brother in need.

But the historical development of the debt crisis makes it clear that debt forgiveness would result in a large grant to those least in need. Outright debt forgiveness would set a precedent for cancelling large loans to the relatively wealthy in the wealthier LDCs; surely justice would then demand even larger "loans" to the poorer in these nations, and much larger "loans" to the poorer LDCs. Grants of this size are unsustainable; even if they could be financed, the incentives created by this policy would eventually end the movement of capital across national boundaries, a movement which has been necessary for development in the past. Since in this case debt forgiveness fails the normative tests outlined in our paper, such as improving access for the poor or improving extended family independence, the norm of enforcing contracts seems appropriate.

If forgiveness of the debt is not a reasonable option, some would argue for the polar alternative: "forced repayment" of all foreign obligations. The resulting insolvency of debtor governments might be viewed as fair compensation for their entering unwise contracts and supporting the position of their wealthy. But both the ethics and the economics of this option are unsound. Private commercial banks, not governments, made the vast majority of the questionable loans; the loans were made at market interest rates, and usually also involved large "risk premium" payments by the LDC's in excess of the banks' own costs of funds. Surely the shareholder-owners of the banks must bear some of the economic cost of making unwise decisions. To do otherwise is to not fully enforce the contract between debtor and bank. But the commercial banks have thus far been far less affected than the debtor continent that has sacrificed ten years of development.
Forced timely repayment would only shift a financial burden from bank owners to the debtor nation and American citizenry in general, as demand for American exports would be forced downward and sales of imports to the North would increase. The political and financial backing of the United States Government would likely be enlisted to press the banks’ conditions, setting precedents as negative as those set by debt forgiveness. Timely forced repayment also ignores the American anti-inflation policies which precipitated the debt crisis, policies made necessary by earlier American indulgence. The costs of these excesses should not be arbitrarily forced upon other nations.

Most of the parties to the debt crisis have avoided both of these policy extremes, choosing instead a combination of “structural adjustment,” debt “writedowns,” and interest payment rescheduling. Each nation enters negotiations on the specific mix of these three approaches for its own situation, where the result of the negotiations is influenced by such factors as the original use to which the loans were put.

Structural adjustment refers to the implementation of new economic policies within the debtor nation which are intended to create a foreign trade surplus (to be used to finance interest payments) and to stimulate economic growth and vigor (to create the wealth that eventually will retire the debt). This “adjustment” seems most laudable when it both stimulates growth and simultaneously creates new opportunities for the poorest: The currency may be devalued and food subsidies removed in such a way that the prices of goods sold by the poor (and therefore their incomes) rise, at the expense of the wealthier urban purchasers of imports and food; government-run enterprises may be reorganized in ways that improve employment conditions for the poor, increase their access to basic services, and give them a stake in the ownership of capital. Structural adjustment has generally been successful in meeting the goal of creating trade surpluses for the large debtors.

Debt “writedowns” are the most common policy tool by which bank owners accept partial responsibility for bad loans by partially forgiving them. In a write down, a bank sells at a discount (to a different creditor) some of the debt it holds, and “writes off” the difference. This loss does not come at the expense of depositors in the bank; it is instead funded in part by the original “risk premium” charges, fees, and commissions (which are generally quite large) which were charged at the time the loan was originated, and in part by losses to the shareholder-owners of the bank. This policy instrument seems consistent with our ethical argument.

Interest payment rescheduling (i.e., stretching out the payments”) allows debtor nations to avoid bankruptcy while writedowns and structural adjustment are taking their effect. Both parties to the loan share in the costs of the rescheduling. By maintaining some access to the international system, this element of the solution also seems to be in agreement with our thinking.

While biblical norms for economic activity are of necessity less than exhaustively precise, subsidiary scriptural principles can indeed offer direction to economic policy in the current social-normative confusion. In specific application, our efforts have been suggestive. We look forward to the work yet to be done by Christian scholars who accept the challenge to bring together scriptural insight with economic discernment, and thereby expand the literature of thoughtful applications of biblical social ethics to economic thought and life.


2 See P. Berger, The Capitalist Revolution: Fifty Propositions about Prosperity, Equality, & Liberty (New York: Basic Books, 1986). Recent reports from the Soviet Union show a much higher level of poverty and a considerably higher national deficit than is true in the United States; see B. Keller, “Kremlin Aide Sets New Deficit Figure” New York Times (Jan. 26, 1989), p. 1), and E. Fein,


5 This observation is not just our own; a growing chorus of others have remarked similarly. Basil Mitchell's lament could be seen as somewhat representative: "The most characteristic contemporary forms of secular humanism resemble each other in their failure to provide a rationale for morality as traditionally conceived. In particular they have no place for the conscientious man, the man of character, the man who says 'Ich kann nicht anders'; or, rather, to the extent that they can find a place from him, it is on terms that he is bound to reject, such as that it is socially useful for him to become this sort of man, or that he is free, if he so chooses, to become this sort of man, although he need not. They do not, either, give the claims of other men the weight that the traditional moralist feels they ought to have; and this is in part because men are not thought of as possessing the depth and consistency of character that is needed to give their claims this weight. For if men are primarily bearers of experiences or authors of choices, and the experiences of different individuals are inter changeable and their choices arbitrary, it is hard to see why people matter as much as he feels intuitively they do. The 'death of Man' is the death of man as a moral being, faced by the choice of good and evil and held responsible for his choice. And what brought about his death was the growing conviction that, as his Murdoch puts it, 'life has no external point or telos', a conviction which separates modem man from Christian and pagan alike." B. Mitchell, *Morality, Religious, Secular: The Dilemma of the Traditional Conscience* (Oxford: Clarendon Press, 1980), pp. 91-92.

6 As we shall note just below, the weight of scholarly opinion finds pre-monarchic Israel to be a vast ethical improvement over the surrounding societies of the time, and some have made the ethical comparison of early Israel with contemporary societies. (We think, e.g., of Norman Gottwald's "Are Biblical and U.S. Societies Comparable?" *Radical Religion* 3:17-23 (#1, 1976).)

7 Albeit this argument must exempt the first three commandments of the Decalogue, which deal explicitly with the worship and honor of Yahweh, as too particularistic for an inclusive ethic.

8 With regard to Rms. 10:4 see R. Badenas, *Christ the End of the Law: Romans 10:4 in Pauline Perspective* (Sheffield, England: JSOT Press [Dept. of Biblical Studies, Univ. of Sheffield], 1985), who convincingly argues that Christ did not come to terminate the Law but to fulfill (end or complete) it; the Law points to Christ. On the role of the Law and Christ generally see D. Moo, "Jesus and the Authority of the Mosaic Law" *Jrnl. for the Study of the New Test.* 20:3-49 (Feb. 1984), where it is argued that Jesus obeyed the written Law and commended that the true purposes of the Law are justice, mercy, and faithfulness (Mt. 23:23).


process of wading through the recent work by O’Donovan (Resurrection and Moral Order: An Outline for Evangelical Ethics, Grand Rapids: Eerdmans Publishing Co., 1986), it appears he is making a very similar point, but from the perspective of the New Testament: “The order of things that God has made is there. It is objective, and mankind has a place within it. Christian ethics, therefore, has an objective reference because it is concerned with man’s life in accordance with this order. The summons to live in it is addressed to all mankind, because the good news that we may live in it is addressed to all mankind. Thus Christian moral judgments in principle address every man.... The way the universe is, determines how man ought to behave himself in it” (p. 17).

13 See in this regard G. Herion, “The Impact of Modern and Social Science Assumptions on the Reconstruction of Israelite History” Jrnl. for the Study of the Old Test. 34:3-33 (Feb. 1986), which warns against creating purely sociological explanations and not allowing for religious explanations.

14 Compounding the difficult economic circumstances, the climate of the region is not conducive to easy agricultural cultivation. See Y. Aharoni, The Archaeology of the Land of Israel (Philadelphia: Westminster Press, 1978).


16 Epzstein’s recent work is useful in this regard: L. Epzstein, Social justice in the Ancient Near East and the People of the Bible (London: SCM Press Ltd., 1986)-wherein he observes (as others have) that Israel's law code holds more severe sanctions for idolatry but less severe sanctions generally for other crimes. (Babylonian codes allow capital punishment for crimes against property; not so in Israel.) G. Mendenhall The Tenth Generation (Baltimore: Johns Hopkins Univ. Press, 1973), p. 207), argues that two propositions are characteristic of the early laws of the Pentateuch: (1) guaranteeing the security of persons as opposed to the security of property; (2) obligating individuals to proper behavior regardless of their status within the community or particular social context (All are equal regarding moral obligation under God). See also A. Phillips, "The Laws of Slavery: Ex. 21:2-11" Jrnl. for the Study of the Old Test. 30:51-66 (1984).


18 See particularly the various works of G. Mendenhall and N. Gottwald in this regard. Gottwald's The Tribes of Yahweh (Maryknoll, N.Y.: Orbis Books, 1979) has become the standard reference.


20 J. McKenzie, "The Sack of Israel" in H. Huffmon, et al. (eds.), Quest for the Kingdom of God (Winona Lake, Ind.: Eisenbrauns, 1983), p. 25. It should be noted that McKenzie describes this setting as one of anarchy, which we are unwilling to do.

21 We waive discussion of the extensive recent debate over the origins of Israel. In the biblical account the Israelites were enslaved under Pharaoh and would have good reason to seek a political and economic order that protects against the abuses of concentrated power, such that one need not rely upon the presence of Canaanite refugees bringing this concern with them. We
question the basic presumption of the non-biblical explanation, which assumes the Mosaic provisions were man's inventions only and not the revelation of God. See in this regard the papers cited above by Hendel and Phillips (notes 15 and 16 above). It seems strange to us that the Israelite settlers would create a new socio-economic arrangement so out of the ordinary without some "outside" guidance.


26 See F. Frick, The Formation of the State in Ancient Israel (Sheffield: JSOT Press, 1985), and his argument (based on observations from a particular archeological recovery and the obvious presence of public works requiring considerable community effort) that there must have existed in early Israel "a form of sociopolitical organization which, while not relying on the kind of external compulsion associated with the state, could provide the necessary coordination between family groups such as that in evidence in chiefdoms as 'redistributional societies with a permanent central agency of coordination" [citing E. Service, Cultural Evolutionism: Theory in Practice (New York: Holt, Rinehart and Winston, 1971), p. 1341. (p. 164).


29 In this regard we suggest it is sound policy for the state to investigate means to make small businesses viable (consistent, of course, with other subsidiary norms).

30 Micah 4:4. See also: Zech. 3:10; II Kgs. 18:31; Is. 65:21-22. This verse, which generally appears with the hope of a future shalom, as a description of the peace and protection the individual family will experience, appears to be a clear attestation of the importance of private property. The commendation of private assignment of property rights should not be taken to imply there are no biblical grounds for public assignment. Clearly there would have been examples of publicly assigned property: the cisterns and city walls, e.g. (see Ezek. 48:15).
It is not clear to us that the biblical call is for a democratic workplace (though if workers choose this, there is no sanction against it). A practical hierarchy is affirmed in a number of places in Scripture. We understand the contemporary implications of the jubilee institution to be the provision of a sound "human capital" base for each family/citizen: a condition which should lessen the potential for lack of meaning in the workplace.


We appreciate much of the recent emphasis that "justice" has a distributive component. But we are not attracted by many of the applications of this principle to economic policy. In particular, our experience in economic growth and poverty leaves us uneasy with the thought of many traditional policies which restrain growth in the cause of seeking justice. Our profession's experience has shown this to be generally self-defeating. Great things have more often been done for the poor through policies which encourage growth while carefully preventing the development of a permanent underclass. On an international scale we do not doubt that poverty would be reduced by an improved "link" mechanism (e.g., a more generous IMF "special drawing rights" policy) or by reduction in protectionism in the wealthy countries. But we now have a sufficient history of resource- and capital-poor nations creating wealth for their own poor-nations which face the same p resent international economic realities that other chronically poor countries face. This compels the conclusion that the system itself is ultimately not that influential in determining outcomes or mandating poverty for the poor.

See W. Dumbrell, "'In Those Days There Was No King In Israel; Every Man Did What Was Right In His Own Eyes': The Purpose of the Book of Judges Reconsidered" Jrnl. for the Study of the Old Test. 25:23-33 (Feb. 1983), who works from the well-known verse in Judg. 21:25 and argues that this was not a statement promoting the kingship.


See also Ezek. 45:7-9, where the prince is to have a specified portion of land and no more (i.e., limited economic power). The strongest case in favor of God's preferences for a king for Israel is the key role of David in Messianic teachings. We prefer to interpret these kingly teachings precisely in this light, as Messianic, and not as an indication of Yahweh's preference for a concentration of economic and political power in the hands of a human ruler.


In the former case see the various works of Michael Novak and Brian Griffiths; in the latter case see the work of Donald Hay.

The reasoning of the next several pages closely follows Kurt C. Schaefer, “Charity and Solvency-Who Pays the Cost?” *Eternity* 39, No. 6 (June 1988), 14-15.