The Biblical Approach To Teaching and Learning Economics  
By Max Lyons PhD

Introduction

When you hear the term “economics” what do you think of? For most people this term brings to mind such concepts as The Federal Reserve System, Wall Street, stocks and bonds, profit and loss, supply and demand, business, inflation rate, interest rate, banking, money supply, taxation, etc. For most of us at best these are not the most exciting concepts to dwell upon and at worst are confusing. It is no wonder that in academia, economics is known as “the dismal science.” But this does not have to be; economics, as God created it, is not difficult to understand. As is true of many concepts, man has made difficult what God has made very clear in His Word. In fact, God is an economist, because He created economics. Since the Principle Approach advocates study from root principles, the focus of this chapter is to begin to understand the principles of economics as God has expressed them in His Word.

Why Study Economics?

Most Christians have little or no idea what the Bible teaches concerning economics. However, this is an extremely important topic on which God has revealed much truth. For example it is estimated that one-sixth of the Bible relates to economics. Dennis Peacocke reveals, “There are more parables concerning the stewardship of material goods and personal talents in the New Testament than concern heaven or any other single topic.”

As Christians we have a responsibility to know what God’s Word has to say on every topic, and we must bring this truth to bear on every area of life. God calls us to lead, and we have not done so; we have been followers in the area of economics, as we have in many other areas. We must obey God by first learning His ways, and then providing leadership. We must learn what the Bible teaches concerning the all important topic of economics as well as how it relates to government, then we will be equipped to obey God in this area of life, and lead others into His truth.

Economics Defined

The first principles or rudiments of economics are in the Bible. This does not mean that every aspect of economics is in the Bible; there is much for man to discover about economics in addition to what He has given us in His Word. But our Creator has lovingly given to us the all important, unchanging principles of economics.

Let us begin by defining our terms. The word economy comes from two Greek words: oikos meaning house and nomos meaning law or rule. At its root, economics, therefore, is the “rules of your house.” Webster defines economy as:

Primarily, the management, regulation and government of a family or the concerns of a household.

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A frugal and judicious use of money; that management which expends money to advantage, and incurs no waste; frugality in the necessary expenditure of money. It differs from parsimony, which implies an improper saving of expense. Economy includes also a prudent management of all the means by which property is saved or accumulated; a judicious application of time, labor, and of the instruments of labor.

One of the things that we observe is that economics is a very “down to earth,” practical subject. In fact, our home is an economy. Consider that at the level of individuals and families, within our house and the households of others we engage in these economic activities: we make purchases, we sell, we work, we save and invest, we use tools, we produce tools, and we have a system of government. The reality is that most of us engage in economic activity throughout each day. As is true of all areas of life, we must make sure that we do it according to God’s ways.

**First Principles of Economics**

A good place to begin in understanding the principles of economics is with the *Ten Pillars of Christian Economic Wisdom* by Dr. Charles Wolfe. These are based upon an outstanding booklet entitled *How We Live*, by Fred G. Clark and Richard S. Rimanoczy. I would urge the reader to obtain Dr. Wolfe’s *The Principle Approach to American Christian Economics* (in *A Guide To American Christian Education*) in order to understand this subject more fully. As stated by Dr. Wolfe, these Ten Pillars are:

1. *Everything has a cost that must be paid.*
2. *God is the source of man’s ability to produce.*
3. *Only earned money is honest; inflation is dishonest.*
4. *Wages should be determined by voluntary exchange in a free market.*
5. *Job security depends upon customer security.*
6. *Wages must be related to productivity.*
7. *Increasing output per worker benefits everybody.*
8. *God created the three basic factors of production – natural resources, human energy, and tools.*
9. *Tools are created when individuals deny themselves, save, and invest.*
10. *High productivity is the effect of a free people in competition with each other.*

**Expanding the Principles**

These ten principles are not the only principles of economics. As we have seen with other “subjects,” principles are not limiting, they are expansive. That is, the more you study from a principled perspective, the more you will be led into God’s truth. As I have taught and studied economics, I have gained insight into additional economic principles. Listed below are some of them, with their Scriptural basis. In the interest of brevity, I will comment only briefly or not at all, although it is easy to see that a course of study would flow very naturally out of these.
principles. You will also notice that many of these principles build upon those stated above.

A few of the principles I have listed below (for example the principle of competition) are consistent with Biblical principles but cannot be derived from a specific chapter and verse. They can be deduced from a careful study of the whole of Scripture; therefore I have included them, but not listed a Biblical reference. As is true of every subject, God has left much of the discovery of knowledge to man. He has not specified all of truth in His Word, but challenges us to discover it ourselves. God has said (Proverbs 25:2), “It is the glory of God to conceal a thing, but the glory of kings is to search out a matter.”

God’s Mandate
1. Christians are commanded, by the Dominion Mandate, to participate actively in the economic system. (Genesis 1:26-28)
2. The earth and all that can be produced from it, was given to man for his benefit and supply. (Psalms 8:6-8; 115:16; I Timothy 6:17)

The Market
3. Markets should be free, with un-hampered interaction between potential buyers and sellers (Proverbs 20:14; Acts 5:1-4). Historically, the greatest hindrance to the free market is civil government. Lawmakers and bureaucrats think that they are wiser than God and consequently they make laws, regulations, or guidelines that restrict or interfere in some way in the interaction between buyers and sellers. This, of course, is always for “our benefit,” they maintain. For example, “for our benefit” some states have passed laws requiring private companies to spend a certain percentage of its payroll on health insurance benefits.
4. Competition is necessary and desired, as a great blessing in an economic system, resulting in better products at lower prices (II Timothy 2:5). Conversely, monopolies are an evil in an economic system, resulting in inferior products at higher prices.
5. The free market is a “win-win” situation. It works this way: “I will do something good for you, and you will do something nice for me” (Luke 6:31). It is wrong thinking to believe that in an economic transaction, one person wins while the other loses. In fact both gain, because they both end up with something that they valued more than what they exchanged.
6. When supplies of a given commodity are low, prices rise and demand decreases. When the supplies increase, prices drop and demand increases. This is referred to as the law of supply and demand. (II Kings 6:25, 7:1,16; Ecclesiastes 5:11)
8. Because of our fallen nature and the fact that we earn our living “by the sweat of our brow”, we need to be motivated to work. God gives us this motivation by the possibility of gain or profit (Matthew 25:27; Isaiah 48:17; Luke 19:11-27, II Timothy 2:3-6). We use this profit to purchase the necessities of life, food, clothing and shelter and much more.

Economics and Civil Government
9. God created man to be free, including having economic liberty. (Galatians. 5:1) Civil government is ordained by God to perform the limited functions of protection of life
and property, the administration of justice, and praising those who do good (Romans 13). Therefore, it is not the civil government’s role to direct, control, or regulate any aspect of the economy, but rather to protect economic freedom. (Acts 5:3,4)

10. Civil government should enforce God’s command to have honest weights. (Leviticus 19:35-37; Deut. 25:13-15; Amos 8:5-6; Micah 6:10-12)

11. Civil governments should not transfer wealth (Lev. 19:15, Ex. 20:15, I Sam. 8). On the contrary, wealth redistribution plans are a great evil in a society. James Madison stated in 1792, “That is not a just government, nor is property secure under it, where the property which a man has in his personal safety and personal liberty is violated by arbitrary seizures of one class of citizens for the service of the rest.” iv

12. Taxes to support the legitimate functions of government should be raised through a means that does not interfere with production. Scripturally this would be a “head tax” or poll tax. (Exodus 30:12-14)

13. Government subsidies interfere with the free market and are immoral. Government should be a “referee” in the economic system, making sure that everyone “plays by the rules.” When civil government grants subsidies, it is involving itself in wealth redistribution (see #11).

14. Rulers, as well as the governed, must submit to God’s government. (Proverbs 8:15-16, Deut. 17:14-20) In doing so, they will submit to God’s principles of economics, and the nation will be blessed.

15. Businessmen ought to be free to pay workers whatever the two agree upon. (Matthew 20:1-15) All attempts, by individual men or civil government, to interfere in the freedom of businessmen and employees to agree upon whatever wages they please, are immoral. There should be no “minimum wage laws” (or maximum wage laws, for that matter).

Labor

16. God works, and therefore we must follow His example and work. (John 5:17; Genesis 1)

17. Man works to survive. The proper way to obtain the necessities of life is to work. (Proverbs 6:6-11; 10:4-5; 12:11, 27;13:11; 16:26; 18:9; Psalms 128:2; II Timothy 2:6; Revelation 14:13; II Thessalonians 3:8-10; Genesis 3) The Bible teaches that we are urged to work by our hunger pains.

18. Man invents laborsaving devices (tools) to multiply his expenditure of energy. (Proverbs 14:4) Man’s material welfare equals his use of natural resources plus his energy multiplied by the use of tools.

19. Two can produce more working together than the sum of their individual efforts. (Leviticus 26:8, Deuteronomy 32:30, Ecclesiastes 4:9-12)

20. Production is increased when there is division of labor. (Gen. 4:21,22) Throughout the Bible, we see those people who specialized in a task such as sales, carpentry, tent making, farming, teaching, writing, construction, music making, raising livestock, workers in brass and iron, cloth making, shipping, military work, etc.

21. Resources, time, and labor are scarce, yet man’s wants are insatiable; therefore man must use resources judiciously in order to gain the maximum benefit from them (Deuteronomy 8:9; Ecclesiastes 5:10,6:7; Genesis 3:17, 19; Isaiah 56:12). Scarcity is the result of the Fall. There was no scarcity before the Fall and there is no scarcity in
heaven. Because scarcity exists, man must be a good steward of resources, his time and his labor.

**Property and Stewardship**

22. Ownership of private property is imperative to a good economic system. (I Kings 21:1-16; Acts 5:3-4; Proverbs 15:25, 19:14)

23. God owns everything (Psalms 24:1); He loans the earth’s resources to man and entrusts him with stewardship. Man is accountable to God to properly steward these resources for Him. (Genesis 1:26-28; Matthew 25:14-30)

24. God’s plan for our character growth involves stewardship. We grow in character, maturity, and responsibility as we steward the property that God gives us (Luke 16:10-12). As Dennis Peacocke has stated, “He has given all of us at least five assets for which we will have to answer to Christ about our stewardship: first, our physical bodies; second, our conscience; third, our relations; fourth, our talents; and fifth, our possessions. All of these items are on loan from God, and we are to deal with them under the stewardship of God’s Word and bring them back to God with increase.”

25. Resources are to be used for legitimate purposes such as providing for family, tithes and offerings, taxes for the legitimate functions of civil government, savings, and assisting the deserving poor. God, for reasons only known to Him, gives various resources to different people in varying amounts. (Luke 19:11-27)

**Christian Character**

26. A good economic system is dependent upon character or virtue in the citizens and in its leaders. (Proverbs 14:34)

27. God condemns greed and the desire to “get rich quickly” (Proverbs 23:4; 28:20; 28:22). Sinful greed and the desire to get rich quickly are not to be confused with having the character trait of diligence in business and being blessed accordingly.


29. We should not destroy products in order to raise their price. (Proverbs 11:26)

30. We should not conspire to “fix prices” in order to realize greater profits. (Exodus 20:15)

31. We are prohibited from debasing currency. Debasing currency was done by adding cheap metal to the precious metal and advertising it as “the real thing.” This is, in essence, stealing. (Isaiah 1:22) The printing of additional paper money without gold or silver backing it up is a form of debasing the currency.

**Money**

32. We are commanded to honor the Lord with our substance. (Proverbs 3:9)

33. Theoretically anything can be used as money, or a medium of exchange. Historically “money” has always been a product that people valued. For example, gold and silver are valued for their beauty and usefulness. Biblically, gold and silver are indicated as being valuable, and historically they have been used as a predominant source of money. (Genesis 2:12; 47:13-19; Psalms 19:10; Proverbs 2:4; 3:14; 8:10-11; 8:19)

34. Being in debt is to be avoided, as it is a form of slavery. (Proverbs 22:7; Romans 13:8)
Wealth

35. For reasons of His choosing, God allows some people to become very wealthy (Job 42:10; Deuteronomy 8:17-18). Those that are blessed with material wealth are to use it for God’s purposes.

36. We are to seek God for necessities, but not riches. (Proverbs 30:8,9; Psalms 62:10)

Economics and the Seven Principles

Dr. Charles Wolfe has masterfully made the connection between economics and the seven principles of the Principle Approach. The following is a paraphrase and summary of his teaching. When we are aware of the close connection between government and economics, we realize that these governmental principles are also economic principles:

The Principle of Individuality- Biblical economics is at its root, individual. An economic system is made up of innumerable individual decisions that people make each day.

The Principle of Christian Self government- It takes self-government to save and invest, and to purchase tools, so you might be able to be more productive and have a better financial future.

The Principle of Christian Character- Character is needed in the market, on the part of both producer and consumer. Character is needed on the part of civil authorities to exercise only their Biblically legitimate powers.

Conscience is the Most Sacred Property- We must realize that it is not material property that is the most important (the Kingdom of God is not meat nor drink, but righteousness, peace and joy) but rather internal property such as our conscience, our heart and our spirit.

The Biblical Form of Government- A Biblically based government will most fully protect our economic liberty.

The Principle of Local Self Government- Economics is best performed at the local level, with individual buyers and sellers meeting in the market and making voluntary exchanges.

The Principle of Unity Producing Union- When a buyer and a seller come to a “meeting of the minds” to make an exchange, because they believe it will benefit both of them, they contract together and complete the transaction.

Contrasting Views of Economics

To summarize and conclude let us contrast the Biblical view of economics with the prevalent un-Biblical view. This is not to say that there is only one un-Biblical view; indeed there are many. This chart contrasts what God says about economics with the prevalent thinking of many in America today.
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<tr>
<th>Biblical</th>
<th>Un-Biblical</th>
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<tr>
<td>The market is “free”; in other words there is free (un-coerced) interaction between buyers and sellers.</td>
<td>The market is not free. Government laws and regulations place many restrictions on the market. These include but are not limited to minimum wage laws, subsidies, tariffs, bureaucratic regulations, and protectionist policies.</td>
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<td>There is no redistribution of wealth; each man is able to enjoy the fruits of his own productivity.</td>
<td>Wealth redistribution programs abound with such names as welfare, food stamps, public education, Medicare, Medicade, social security, college grants, subsidies, disaster relief, funding for the arts, corporate welfare, etc.</td>
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<tr>
<td>“Money” is tied to something of value such as gold or silver.</td>
<td>“Money” is simply a document printed by the government; printing more can easily debase it.</td>
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<tr>
<td>The economy is controlled from the “bottom up” by the billions of choices that consumers and producers make each day.</td>
<td>The economy is controlled from the “top down” by government that feels the need to arbitrarily manipulate the economy in such ways as establishing federal controls such as a Federal Reserve System, which expands or shrinks the money supply, and raises or lowers interest rates.</td>
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<tr>
<td>Entrepreneurs see a need in the market, take a risk to meet the need, and are rewarded accordingly with profits. Competition between entrepreneurs ensures that the customer receives excellent products at the lowest possible price.</td>
<td>Competition is stifled by government regulations and policies. Therefore civil government places itself between the entrepreneur and the consumer. The result is lower quality products and higher prices.</td>
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<td>A free people live in relative economic prosperity, with savings, protection against losses, and a minimum level of debt.</td>
<td>People live “on the edge” with little or no savings and a great deal of debt. A large part of their current income is paid for “debt service.”</td>
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<tr>
<td>The majority of the people see diligence and hard work as the way to economic prosperity.</td>
<td>People spend great amounts of time trying to figure out how to prosper economically in ways other than working (examples: gambling, “playing” the stock market, “milking” the civil government, stealing, selling illegal products, frivolous lawsuits, etc.).</td>
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<td>Ownership of private property is viewed as a “pillar” of the economy.</td>
<td>The concept of ownership of private property is weakened by such things as government owning many “public properties;” taxes levied against owners of</td>
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property such as cars and houses simply because they possess them; taxes remove property from the diligent to care for the “poor.”

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<th>The profit motive is viewed as good. Profits are absolutely necessary to motivate entrepreneurs to take risks. Profit is not viewed as an end, but as a means to serve God.</th>
<th>People speak of “excessive” profits, price gouging, and corporate greed. Consequently, laws are introduced that are designed to reduce the profits of these “greedy” individuals and corporations.</th>
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<tr>
<td>The employer and the employee come to an agreement concerning the proper wage. The free market allows for the purchasing of a man’s labor to be controlled by market forces only.</td>
<td>Civil government interferes in the free market by establishing minimum wage and other similar laws.</td>
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**Notes**

i Dennis Peacocke, *Doing Business God’s Way!* (Santa Rosa, CA: Rebuild, 1995), xiii


v Dennis Peacocke, *Doing Business God’s Way*, 19