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Economic Policy to Help Man Achieve Maximum Potential
Must Conform to the Laws of God

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INTRODUCTION

We live in the age of incongruity. It is a time that bears the distinguishing mark of disparity between the desires of men and the actual situation in which they find themselves. We long for peace and we find none. We cry for justice but we receive only pragmatism. We work for security only to see it vaporize into unemployment, bankruptcy, or a forced retirement characterized by an incarceration in an institution little different from prison. Surely, one of the most compelling questions of life must be why an entity such as man, capable of logical thought, possessed of a zest for life, endowed with the ways and means to live in hope, love, and prosperity finds himself as far removed from these ends as he has ever been. The efforts and strivings of billions of human beings have for the most part come to nothing.

It is the thesis of this paper that the problem described above is rooted not in ends but in the means that men choose to achieve their ends. With respect to ends all men act to optimize their perceived situation. They optimize because to do so is inherent in their created nature. After establishing this fact beyond the point of mere assertion, the paper becomes devoted to a discussion of means that men choose to pursue their ends. A distinction will be drawn between what is legitimate and what is not. We will investigate God's prohibition against theft and some of the more common examples of common theft which masquerade in the guise of good intentions. Finally, we will examine some of the observations of economists which confirm not only the thesis described above, but also the very existence of God's law for social relationships.

GOD, MAN, ECONOMISTS, AND ENDS

Perfection is the optimum. Even a superficial study of the various occurrences of the word "perfect" in scripture will demonstrate that perfection is the entire thrust of the activities of God. God's activities are generally called "creation", and creation is always without imperfection. "For God is not the author of confusion." - 1Cor 14:33. David said, "The law of God is perfect..." - Psm 19:07, and again, "As for God, his way is perfect..." - Psm 18:30.

When God created man, he created him in his own image.

This implies that man is also an optimizer. He will always seek a better situation. He is forever a seeker of ends. A man who perceives a better situation than the present one is practicably compelled by his nature to take some action even if it is nothing more than a cognitive evaluation of available means to achieve the perceived end. The fact that men's lifetimes are limited requires that time spent thinking acquires an opportunity cost. When one is meditating, one is not likely to cultivating his garden. Systemic limitations such as the availability of time, the availability of resources, talent and perfect information tend to constrain the optimizing process. Within these constraints men will make decisions that they believe will maximize satisfaction or felicity. With respect to material ends this usually means maximizing return on investment in minimum time with minimum risk.

Economics is not just the study of men seeking material ends as some might suppose. All human decisions are economic decisions because they involve the allocation of scarce time and resources. All human decisions and human action deriving therefrom have consequences for other men. Economics is basically the study of how specific human action results in observable consequences.

There has been no man-made decision with more consequences for others than the decision made in the Garden of Eden by Adam and Eve. This decision embodied the essential elements of the optimizing process. There was input to the effect that there was a better situation possible. "And the woman saw that the tree was good for food, and that it was pleasant to the eyes, and a tree TO BE DESIRED to make one wise,...." - Gen 3:06. There would be a minimum time for realizing the benefits. "For God doth know that in the day ye eat thereof, then your eyes shall be opened, and ye shall be as gods knowing good and evil." - Gen 3:05. Finally, there was an element of risk minimization. "...God hath said, ye shall not eat of it, neither shall ye touch it, lest ye die. And the serpent said unto the woman, ye shall NOT surely die:..." - Gen 3:03,04. The serpent changed the woman's perception of the outcome from a certainty of death to a fifty-fifty chance of death. The outcome remained certain, only her perception of the outcome was changed. Since she was unable to evaluate lies prior to the decision, her choice was simply between two mutually exclusive outcomes. Because she was an optimizer by creation and an optimist by experience, her decision was inevitable. When Adam saw that she did not die, his perception of the risk

was probably altered toward certainty that he would not die. Perception-wise, his decision had better chances for success than Eve's. The consequences of the decision were economic in part. Scarcity of lifetime and resources came into the system. They and their offspring were now economic men. They became constrained optimizers.

From the time that man was expelled from the Garden of Eden his vision of the optimum has been the restoration of paradise with the elimination of scarcity (poverty) and risk (security). Some men seek this end only for themselves. Observers call them selfish men with narrow vision. Other men seek the restoration for all men. Observers have called these men altruistic visionaries. Neither the one with narrow vision, nor the one with broad vision could be judged wrong in motive. Both are optimizing according to their perception as they were created to do. It is only when men pursue their vision using means other than those legitimated by God's Word that vision becomes blurred, human creativity becomes stifled, and human potential goes unrealized.

LEGITIMATE MEANS

It is not wrong to desire improvement. We were created to do so. However, there are some legitimate and some not so legitimate means for achieving an improved situation. God ordained work and cooperation as legitimate. Theft is illegitimate. God commanded man to work. "In the sweat of thy face shalt thou eat bread..." - Gen 3:19. By making resources scarce God forced man to have to cooperate to survive. Throughout history it has only been the men who achieve physical prosperity who have had the time to make plans for war or for the running of other's lives. The poor have very few poor spokesmen. About theft God said, "Thou shalt not steal." - Ex 20:15.

The economist has his own jargon for these concepts. He calls work - production -. He calls cooperation - the division of labor coupled with free exchange -. Stealing is an act whereby one man's property is coercively appropriated by another. Three things are involved: original and acknowledged ownership (stewardship); the use of power to force a non-voluntary exchange; and a redistribution of assets. Not all economists would agree to call non-voluntary property redistribution - theft-, but that should not deter one who meditates of God's law from making the obvious connection.

Some believe that egalitarianism, defined as an equality

of condition, is a laudable goal. However, egalitarianism is not really a goal, it is more a means to achieve the goal of poverty elimination. It is a policy. It has consequences and the examination of the nature of these consequences can help us to determine whether it is a legitimate policy.

Some of the more commonly known economic policies which fall under the more general term egalitarian are: progressive taxation; economic stabilization; production incentives; and protectionism. All of these policies are pseudonyms for coercive property redistribution. They are, therefore, illegitimate means to reach desirable ends which are now unavailable to us because of the means we have chosen. Economists, as theoreticians, are in basic agreement as to what the consequences of these policies are in terms of the incidence of their costs. The same economists, as value-holding politicians, differ as to the efficacy of egalitarianism as a way to eliminate poverty and suffering.

THE INHERENT COSTS OF THEFT

Let's examine why it is that work and cooperation are in opposition to theft. Even though either could be seen as a way to improve a situation from one man's viewpoint, we will be able to determine which is legitimate by examining the consequences of the act. The economic consequences of theft are extra costs imposed on the entire society. These costs are: a cost for lost opportunities; and a resource misallocation cost.

Suppose for a moment that there exists a simple three man economy composed of A, B, and C. Suppose further that A is an expert farmer, B is an expert manufacturer of machines, and C is a miner of raw materials. When these three cooperate, they work and exchange in ways which tend to maximize the wealth and satisfaction of each of them. Mr. C comes to realize that if he did not have to give A so much money for food, he could buy another machine from B and produce more raw materials which he can peddle overseas. What he desires is for A to be more productive so that he can sell more food for less money. The problem is that A will not now sell food to C for less return than he now receives. C decides to steal some of A's food. Suppose that C is strong enough to accomplish this act and still be immune to any except the natural consequences of the act. What will the consequences be?

In terms of lost opportunities, C must now spend time to plan and execute the theft. This effort becomes lost raw

material production time. The entire society is poorer by the amount of production lost? A, who used to be able to sell his surplus to foreign markets, now has no surplus to sell. He becomes discouraged and no longer is motivated to produce food so efficiently. The entire society will be poorer in the future because A will translate today's discouragement into tomorrow's reduced output. Resource misallocation has already been effected by C's misuse of time. In addition, A begins to realize that he can equalize his strength disadvantage vis a vis C by purchasing a gun and some locks from B. Now B has to devote time to make these items for A. He might have been able to use the time to develop a new grapepicker which would have made A more productive, lowering his cost, which is really what C wanted in the first place.

What seemed to be a good idea from C's viewpoint was really counterproductive with respect to the interests of the entire society and ultimately to C also. Theft would be far less popular than it is if the perception of its consequences were more universally understood. It takes so long for the natural consequences to come full circle that shortsighted men are lulled into accepting it as a legitimate means for optimizing. Theft and its antecedent, covetousness, are the principle limitors to the realization of full human potential. Every BTU of human energy wasted on schemes to steal and means to defend against theft reduces the amount of human creativity applicable to productive purposes. Wealth is only what is produced. Production is for use. Producing useless things is inefficient.

SPECIFIC POLICIES AS THEFT

Now that the economic consequences of theft are established, viz: lost opportunity cost; and resource misallocation cost, let's examine how the policies of progressive taxation, economic stabilization, production incentives, and protectionism fit within the scope of theft. If it can be shown that they truly are within the definition of theft, then the investigator can discard them as useless in the pursuit of maximum human potential. In addition, he will be pointed towards the opposite of these policies as legitimate and workable means to attain that laudable end.

1. Progressive taxation is a siren song for those who believe that one can soak the rich and upgrade the standard of living of the poor. Progressive taxation is supposed to be "fair" because it is based on ability to pay. It should not be necessary to prove that ~~that~~ taxpayers do not pay the

progressive income tax voluntarily in the sense that they would donate a like sum for government operation if taxes were not required. It is forcefully extracted even though the use of force is only tacit.

In terms of the cost of lost opportunities the progressive income tax causes the reduction in capital accumulation. By taking the resources from those who have incentive to organize them for production and placing them into the hands of those who would consume them, productivity growth is reduced. The accumulation of tools for production is necessary if the rate of production is to keep ahead of the rate of population growth. The only way for the standard of living to rise is for capital accumulation to outpace population growth. A progressive income tax militates against improvement in the standard of living by inefficiently channeling resources out of the hands of those most able to employ them for that purpose. It is counterproductive. Not only is the incentive for the producer of wealth diminished, but also the incentive for the receiver of the largesse is reduced because he no longer has to produce even as much as he used to produce to live at the same level. The overall result is lost production and a reduced standard of living. Despite the very best intentions, the use of theft as a policy cannot overcome its inherent faults.

2. Economic stabilization has as its principle aim the appearance of constant prices. The way in which this policy is implemented in practice is for the monetary authorities to manipulate the supply of money and credit in such a way as to maintain a constant ratio between money units and production units. Since production tends to increase as capital is accumulated, a money supply that did not increase in quantity would increase in value with respect to things produced. Since the value of money would increase, one would be required to exchange less of it for any given quantity of production desired. The consumer would see this affect as constantly decreasing prices. It goes without saying that the poorest persons have the most to gain from constantly decreasing prices. There are other advantages to constantly decreasing prices. As prices of resources decrease, the ability of entrepreneurs with limited resources to enter into competition against long-established industries increases. Increased competition is generally regarded as beneficial to the poor. If money were continually increasing in value, interest rates would decline perhaps below the zero level. Low interest rates are generally regarded as beneficial to the poor. Capital would continually find its

to the government's new money. The new money is injected into the economy at localized points determined by whom the government favors. When these sectors go to the market, they bid away the resources, capital, and labor which were formerly employed in a way favorable to consumer's values. The selected industries now have the resources. The holders of the old money now have fewer resources. Having fewer resources but the same amount of money, their money diminishes in value. In effect they have been taxed. They just don't recognize the fact. The tax is paid in higher prices. Typically, the persons retaining the old money have been the persons holding bank accounts, insurance policies, pension plans, Social Security claims, and depreciable assets. If inflation stops, the values of consumers will reallocate the resources according to something like the pre-inflation distribution. The investment in the government favored sectors becomes malinvestment. Liquidation of these investments is perceived as unemployment, excessive inventories, and bankruptcy. Since the government favored sectors are generally the unionized sectors, downward pressure of wages is strenuously resisted. If the resistance is allowed to proceed long enough, recession becomes depression. Usually it is re-inflation that occurs. Thus we are blessed with the business cycle which is usually and wrongfully ascribed to some inherent fault in the capitalist system.

3. Production incentives are better known as subsidies. It is simply impossible to receive a subsidy that has not been extracted from someone else. There is no such thing as public money in the sense that the government earned the money in voluntary exchange. Governments can only forcibly reallocate wealth that was created by individuals. Forceable reallocation has already been defined as theft. In the 1950's farm price supports created huge grain surpluses as prices were artificially maintained above the market level. Today the oil producing nations operate at two-thirds capacity because their monopoly pricing has created a surplus of oil by restricting demand. Subsidized highway systems have created a whole set of interrelated urban-suburban problems. These include: traffic jams, eroded tax bases, de facto segregated schools, decreased demand for mass transportation, bankrupt railroads, and crime among other things. Would the reader allow the author to appropriate his money to contribute to the author's favorite charity? Of course not! We ought to call that theft because that is what it is. By the same standard majorities have no right to one's income for their favorite schemes. Subsidies, being theft, are illegitimate and useless as a means for developing human

potential.

4. Protectionism generally means protection from competition. Common forms are: tariffs, minimum standards laws, licensing, seniority rules, minimum wage laws, union shop clauses, immigration and naturalization laws, etc., etc. The effect of all of these market interferences is the restriction of entrance to a given market to a privileged few. Privilege is the essence of protectionist legislation. To deny one access to the market where one can earn his way by engaging in mutually agreeable trades, one has stolen the excluded party's means of support and consigned him to the role of a mendicant. His production is lost and society is poorer for the loss. The result is alienation, strife, and class consciousness which gives rise to government by group. The political process is reduced to a struggle over who will have the power to steal legally. In such an environment the worst of characters gravitate to positions of power. Resources which are allocated for the defense against the alienated groups no longer are available for productive purposes. Again we have the sordid signature of theft.

To reiterate, it is not motives which are in question, but it is the means selected to reach the desirable goals that cause the problem. All ways or means which incorporate the principle of theft with its inherent faults cannot produce desirable fruits. They are even counterproductive to the ends to which they are directed.

ECONOMISTS KNOW THE COSTS

Economists are not in disagreement about whether income equalization schemes have lost opportunity and resource mis-allocation costs. They acknowledge these consequences by calling them costs. In any cost/benefit analysis, the costs are the bad items. Economists disagree as to what the cost/benefit relationships are in terms of the relative merit or demerit to assign to the offsetting items. Those who believe that freedom and individual dignity are of value say that the costs of redistribution are intolerable. They stifle human creativity. Those who believe in redistribution for equity sake (regardless whether it would have any real impact on the standard of living of the poor), say that the costs are tolerable. It does not really make any difference how economists value the costs for our purpose. Suffice it to say that they all agree that the costs exist. The reason that the costs exist is because God exists and He upholds a prohibition against theft. Economists, by observing and noting the costs of income redistribution, are essentially

upholding the law of God. They validate it by their observations.

Theft may seem like a good idea to the man on the bottom of the income ladder, but the implementation of the theft principles will only improve his lot for the short-run. In the long-run the policy will make the entire society poorer. The glib will say, "Yes, but in the long-run we are all dead." Perhaps! It could also be argued that a man without full decision making power is already dead. If life is not a process of choice-making and responsibility bearing, then what is it? Is a living death to be equated with full human potential? I trow not. Even in a market society the man at the bottom of the income ladder is certainly not reaching his full potential. However, there are economic policies that can help this individual to reach a higher level than mere need fulfillment. As much maligned as the "trickle down" theory is in the eyes of those who hate disparity, it works. Wherever it has been even imperfectly attempted, that society's poor have been much better off than the average man in caste societies. The reason it works is that it does no violence either to man or to God's law. Men's needs are diverse and numerous. Men's talents are equally diverse and numerous. It would seem only logical to allow men to apply their talents for the fulfillment of their needs.

CONCLUDING REMARKS

It is generally true that persons with opinions are advocates. Having presented this thesis, the author is obligated by a respect for decency to indicate his solution for the ills of man. Man's most troublesome problem is himself. He covets and proceeds to act on his glandular impulses. He is not always willing to commit personal theft, so he gathers together others of like mind into groups. These groups then institutionalize a personal vice to create a collective catastrophe. Institutionalization of theft magnifies its consequences out of all proportion to its lowly origin. Throughout the entire recorded history of man, the truly creative times were those characterized by limited government. Jefferson claimed that the best government was the government that governed least, but this is not entirely correct. The best government is a collection of self-governed individuals possessing internalized controls, i.e. having the laws of God written on their hearts. Individuals having God's values need no government at all. When men do not have God's values internalized, the best government is limited government. It is the only way to check the institutionalization of wrong values.

Some may believe that Christ's World Government will be characterized by great all-knowing plans imposed by force with the rod of iron. They believe that we will live in a super bureaucracy administered by benevolent spiritual bureaucrats. This is not the author's view. There will be a rod of iron, but it will be for the purpose of surpressing violence. There will be a free market unimpeded by fraud, coercion, and injustice. The great lessons of cooperation will be learned by experience in decision making, and consequence bearing. There will be no such thing as compulsory happiness decrees. In short, there will be the attainment of optimum human potential by the works of man's own hands under government limited to administering justice based on eternal principles. This government will not be less for being limited. It will be great because it will have the character to keep itself limited. Government limited by documents of men with faults never stays limited. God's Government will be limited by God's laws of love and compassion. This limited government will grow in size and stature to reach unlimited domain. It is always fascinating to watch God make something of nothing, to make a kingdom of unlimited domain from the principles of limitation. It is only God who can and does successfully reconcile all incongruities.