

2.

In the Christian view, however, human beings are given a mandate to preserve as well as to use. Professor Goudzwaard argued that the former should limit the latter. Hence an allocation system based only on prices is insufficient, physical/quantity restraints are also required.

A solid basis for non-monetary values is needed: this can be found in the biblical revelation of God's word.

Cost benefit analysis allows financial/market norms to become the final value and judge. This is 'boneyard economics'.

#### LECTURE 2 : UNMASKING THE MYTHS

- a) From early in its life economic science has sought neutrality. This required base building blocks: self created categories with which to order the apparent chaos of economic life. The philosophy of individualism provides a workable model to this end.
- b) Science uses laws to describe observations and to make predictions. However, man, the subject of economic science, can not be fully described in this way, his behaviour is often unpredictable. Economics has tried to resolve this by creating the abstract 'rational economic man' (homo economicus) but this is not a lasting solution. The discipline has to internalise the secure, predictable facts susceptible to laws by drawing a circle around the market. Everything outside the circle, the insecure and unpredictable remains unexplained.
- c) Consequently we must take as given: needs, preferences, labour, capital, Nature. Then we can solve the optimisation problem: maximise utility subject to various constraints.
- d) From a Christian view such neutralism has a price:
  - i) To take preferences as given prevents any criticism of needs/desires: both of their causes and morality.
  - ii) To take Nature as a datum avoids studying any of its changes. Cause and effect become mechanistic. No one is held responsible for their economic behavior.

#### A CHRISTIAN PERSPECTIVE ON ECONOMIC LIFE

Organised by : The Association of Christian Economists

Location : University of Kent, Canterbury.

Date : September 27th - 29th 1985.

The Conference was attended by about 20 individuals drawn from the Universities of Newcastle, Keele, Kent and Oxford. The Institute of Fiscal Studies; The Confederation of British Industry and elsewhere.

The Conference comprised 4 lectures each followed by discussion. The lectures were given by Professor B. Goudzwaard of the Free University of Amsterdam.

#### LECTURE 1 : FAITH AND THE MYTH OF NEUTRALITY

Professor Goudzwaard examined the following ideas:

- a) Neutralism in Economics.
    - the quest for value free science
    - the quest for neutral ideologies
    - evaluation of systems entirely by operational criteria.
  - b) Reductionism in Economics
    - moral-religious claims on the behaviour of economic systems are diminished
    - people are not viewed in the context of social units but solely as individuals.
- Professor Goudzwaard illustrated these points by examining how economic science treats ecology:
- Classical economists saw a fundamental conflict between man and nature.
- Action to improve the environment is viewed instrumentally: its value is measured only by consequent productive gain. Ecology is only valued if it has a price otherwise it is a free good. Ecology may enter a social welfare function only with a subjective value and not an objective one.

iii) To take labour as given means it is seen only as a 'use' category. No attention is paid to work satisfaction or stewardship.

d) All this removes a substantial element of our responsibility to care. In addition, economics becomes a theory of the rich - because they have the most operational significance - not the poor.

### LECTURE 3 : TWO ORIGINS, TWO WORLDS

a) Professor Goudzward demonstrated how medieval economic life enshrined three principles which were barriers to the emergence of a market economy.

- i) Providential ordering of society
- ii) Every person has a place and belongs
- iii) The insufficiency of natural life: hence we should be content; and stress maintenance, not growth.

b) By contrast, the market economy stresses:

- i) The market is ethically neutral
- ii) The market sees everyone as homogenous players in the game - no sense that each is unique, from a different place.

iii) Rejection of any insufficiency - which thus favours the unending quest for more wealth.

c) The Reformation, like the medieval economy, was a barrier to the market:

- i) It stressed the morality of the market place. There was no neutrality : behaviour was good or bad, or a combination of both.
- ii) It emphasised God's providential will for each person individually as a sense of calling.
- iii) It was against the idea of an unlimited ability to grow rich.

d) Thus the market could only come in if a different set of values emerged. This occurred with the advent of Humanism. This world view allowed autonomy. Hobbes said there was no morality beyond national laws; the equilibrium price is the just price. In addition, the growth of Deism (replacing Theism) meant that there was no sense of providence : God had set the machine going and was sitting back either disinterested or impotent.

With the market's growth, entrepreneurs were seen as pioneers towards the new world. The market is the saviour.

e) Professor Goudzward then examined whether the market is neutral at present. To do so he outlined Mosaic economic law, ie that of the Old Testament.

i) Land and soil did not only have an instrumental value, but were also to be cared for. Land was essentially exempt from the market.

ii) Labour was protected : not to be treated as slaves ; debts were to be cancelled every 7 years.

iii) Capital's power was limited: interest permitted only to foreigners.

iv) There was no well being (shalom) without the central presence of God.

f) The Mosaic Law gives a perspective from which to assess Economic behaviour. For example it can be used to appraise the present mixed economy :

- i) The goal of the mixed economy is growth not obedience to any ethical principles.
- ii) Any ethically motivated corrections to the economy's behaviour must be externally applied from the government.

for the Good Shepherd knows the path, and we are still secure even if he leads us to places we would not have chosen by ourselves. For modern society the desire for security tomorrow creates anxiety in the present.

d) Professor Goudzwaard illustrated a Christian perspective by evaluating its impact on Dutch economic policy.

i) Production sector should not be merely instrumental for consumption and income. There should be stewardship of the production sector: care for nature; for labour; and for the poor. These values should dictate to consumption and income and determine when enough is enough.

ii) This was worked through a Leontief input-output model with an additional column: improving the care and quality of labour. The results implied % lower consumption and income than otherwise.

iii) This contrasts with the (social democratic?) view that to maximise growth gives the maximum prospect for employment and for combating ecological problems.

e) One reform would be in social security: at present, capital intensive production costs a lot (by reducing employment) but pays little. Criteria for contributions should be reformed.

f) In discussion Professor Goudzwaard distinguished his view from the socialist version of 'enough is enough': socialists appeal to central planning. This is not the solution: it merely creates excessive bureaucracy. Instead governmental laws generally follow rather than lead social willingness to change.

g) One must encourage micro-level radical behaviour and enterprise to develop and grow. Roots upward change is more powerful than top downward.

iii) The mixed economy enshrines an ideology: its goals determine the means. Means determine values and norms.

'Social justice' is reinterpreted according to the requirements of the goal; hence its claims are reduced, eg workers are allowed only needs of a monetary nature.

#### LECTURE 4: A CHRISTIAN PERSPECTIVE ON ECONOMIC LIFE.

a) In the modern economy the process of production/consumption dominates: everything else has to adapt. Thus labour's possibilities are constrained and determined by the needs of this process.

b) Professor Goudzwaard defined an ideology as the combination of a goal (and its meaning) with means (instruments) and with the consequent norms and values. (See Lecture 3 f) iii) He examined the consequence of implementation of an ideology in society.

i) the means assume great power in themselves and can become idols.

ii) Perhaps the quest to eliminate poverty has turned into a quest for riches: because the ruling ideology enshrines a gospel of riches in its ultimate goals.

iii) Similarly, that ideology says that our nation is in an international race, and must never be left behind.

Unemployment and ecological problems become necessary sacrifices. (Inflation can also be explained from this.)

iv) Progress goes on: one must adapt or die. The law of Survival of the Fittest becomes the Law of the Survivors.

v) Thus economic problems have religious roots: society has chosen the wrong absolute goals.

c) By contrast, Jesus said that the meaning of life is to obey the will of the Father. Following this gives security

AGENDA FOR CHRISTIAN ECONOMISTS

1. Re roots upward change. Legislation should be designed to enable radical models to flourish:
  - taxes on cash flow or value-added, not on labour.
  - enable ' sane, humane, ecological' (SHE) production.
 (James Robertson).
2. Education and challenge to the Church , to implement Christian behaviour in our economic life, and to base lifestyle on more radical models.
3. Work with like minded non-Christians.
4. Aim to resolve the tension of surviving in the world economy yet rejecting the materialistic ideology of which Professor Goudzwaard spoke.
5. Study historical precedents for government action to enable radical change without centrally planning it.
6. Implementation in large (ideology-dictated ) organisations of Christian economic perspectives. How can this be achieved?
7. Research: where should Christian economists focus their attention? Professor Goudzwaard suggested that research should concentrate on areas where the damage is being done.
8. What are the hermeneutical criteria for applying the Mosaic Law? Professor Goudzwaard emphasised ecological aspects in his lectures. Whereas Micheal Schlüter stresses the importance of the extended family. It is necessary and desirable to explain and evaluate the criteria we employ in the application of Scripture.

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