

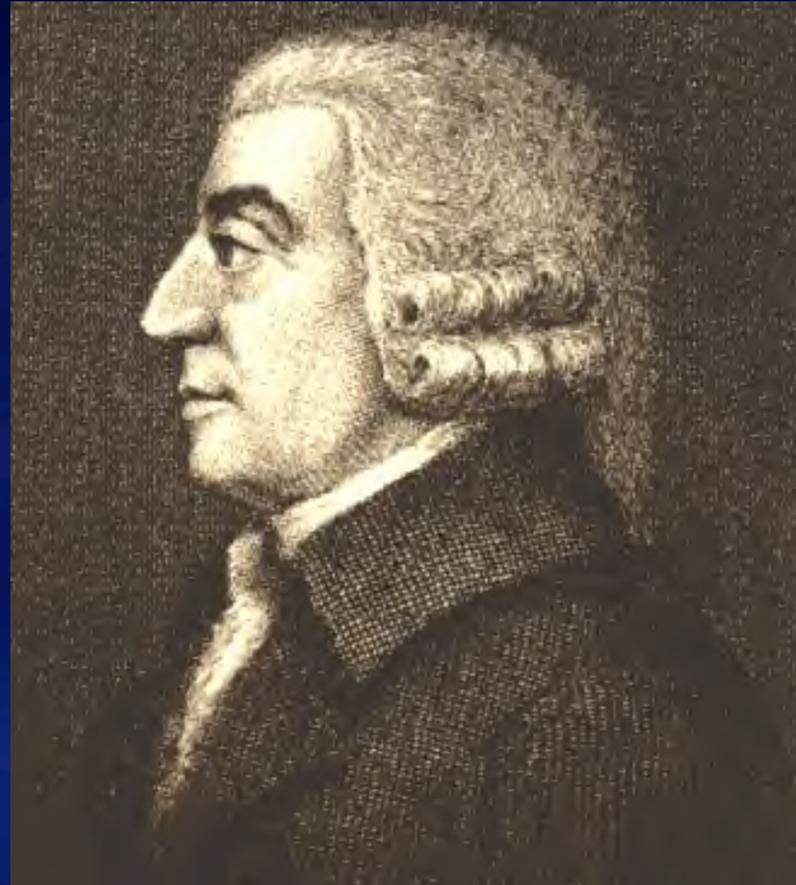
Capitalism and Socialism

Examine Class

Socialism

- A recent poll of millennials found that a majority (58%) would prefer to live in a socialist nation than a capitalist nation.
- A smaller percentage (42%) would favor capitalism.
- Many believe the Bible teaches socialism.

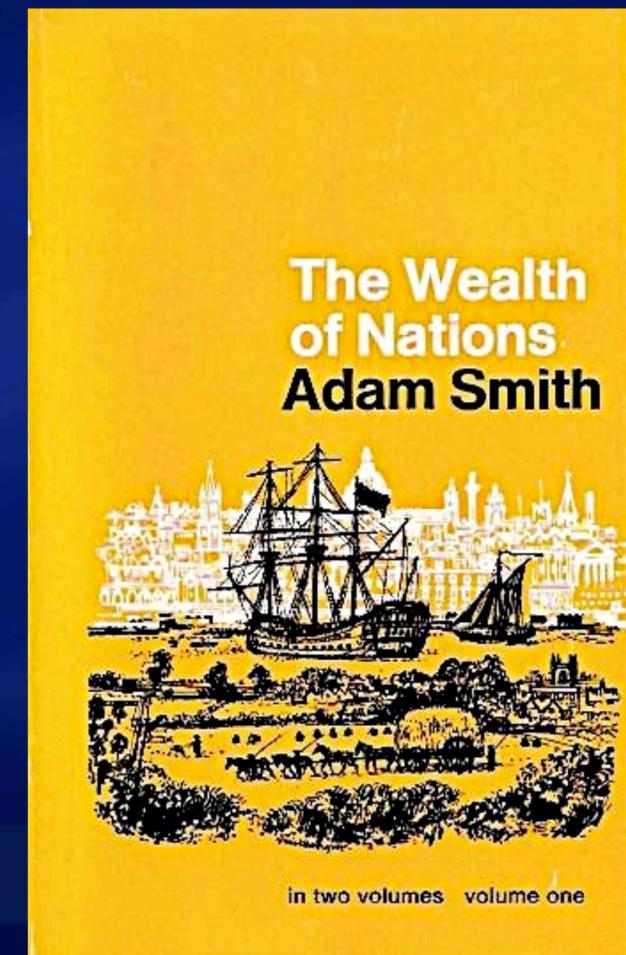
Adam Smith



Capitalism - Free Enterprise

Wealth of Nations

- Written by Adam Smith in 1776. Argued against Mercantile economic system.
- Based upon three major premises:
 - Self-interest
 - Private property
 - Laissez-faire



Self-Interest

“It is not from the benevolence of the butcher, the brewer, or the baker that we expect our dinner, but from their regard to their own interest.”

Adam Smith

Invisible Hand

“Neither intends to promote the public interest” yet they are “led by an invisible hand to promote an end that was not part of [his] intention.”

Adam Smith

Private Property

- Property was not to be held in common but owned and freely traded in a market system.
- Profits generated from the use and exchange of private property rights provided incentive.
- Each person is accountable for his own productivity.

Laissez-faire

- Minimization of the role of government.
- Advantages of capitalism:
 - Liberation of economic potential
 - Political and economic freedom
- Limit the role of government in economics, you limit the scope of government.

ECONOMIC FREEDOM AND DEMOCRATIC GOVERNANCE

Democracy Index Score

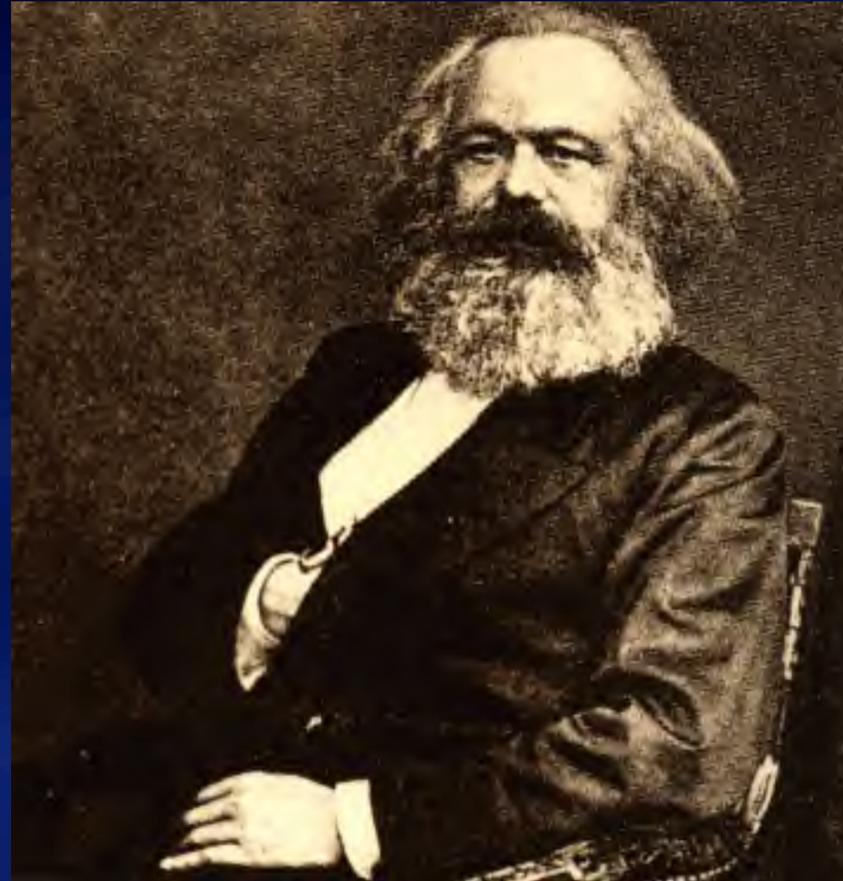




Economic freedom is an essential requisite for political freedom. By enabling people to cooperate with one another without coercion or central direction, it reduces the area over which political power is exercised.

— *Milton Friedman* —

Karl Marx



Socialism - Communism

Marx and Human Nature

- The reason we have greed is due to the wrong economic foundation.
- The wrong economic foundation creates a false cultural superstructure. We are greedy because of capitalism.
- Marxist solution is to replace capitalism with socialism and communism.

Private Property

- The Bible teaches that everything belongs to the Lord (Psalm 24:1).
- “The earth is the Lord’s, and all it contains, the world, and those who dwell in it.”
- We have dominion over creation (Genesis 1).

Private Property

- The Bible does grant private property rights to individuals (Exodus 22).
- Ten Commandments - stealing
- Physical force is allowed to protect property (Exodus 22:2).

Book of Acts?

- The early Christians shared their property in a communal arrangement (Acts 2:44-47).
- They did not reject the idea of private property. They retained private-property rights until they voluntarily gave up those rights (Acts 5:4).

Economic Criticisms

Monopolies

- These develop for two reasons:
 - Too little government
 - Too much government
- Some of the largest monopolies are government sponsored or sanctioned.
- Need accurate definition of monopolies.

Pollution

- In a capitalist system, pollutants are considered externalities.
- The producer will incur costs that are external to the firm - no incentive to clean up.
- This is a case for government regulation, reconfigure private property rights.

Moral Criticisms

Greedy

- Does capitalism make people greedy?
- Sinful people are going to use the capitalist system to feed their greed.
- Capitalism is a system in which bad people can do least harm, and good people have the freedom to do good works.

Greedy

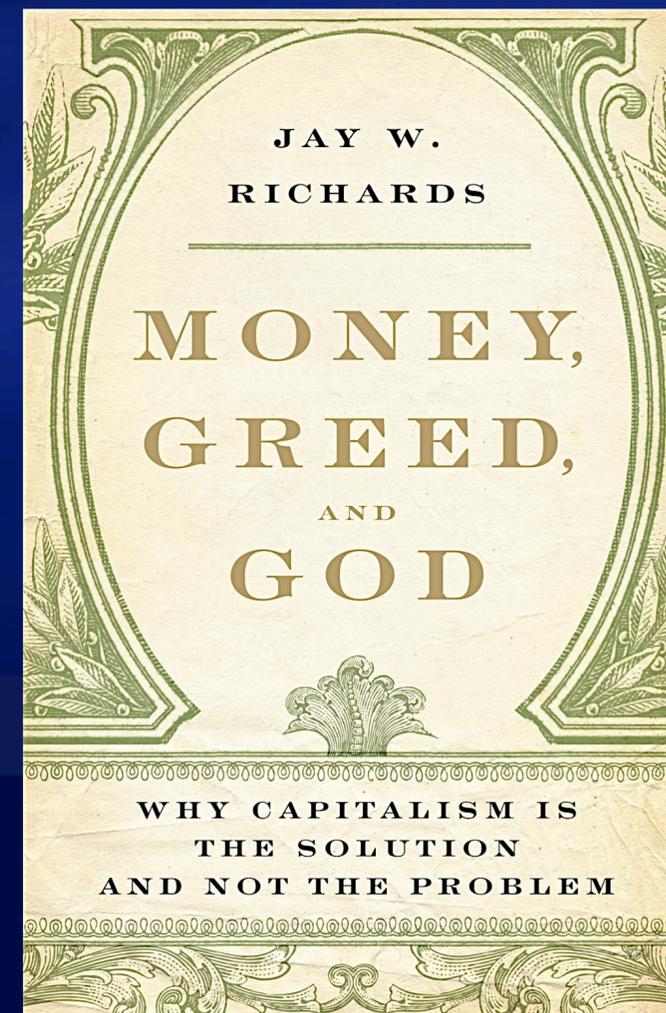
- Need to make a distinction between self-interest and selfishness.
- All of us do things in our self-interest, and we can do them in a way that is not selfish.
- It is better not to concentrate power in the hands of a few greedy people.

Zero Sum

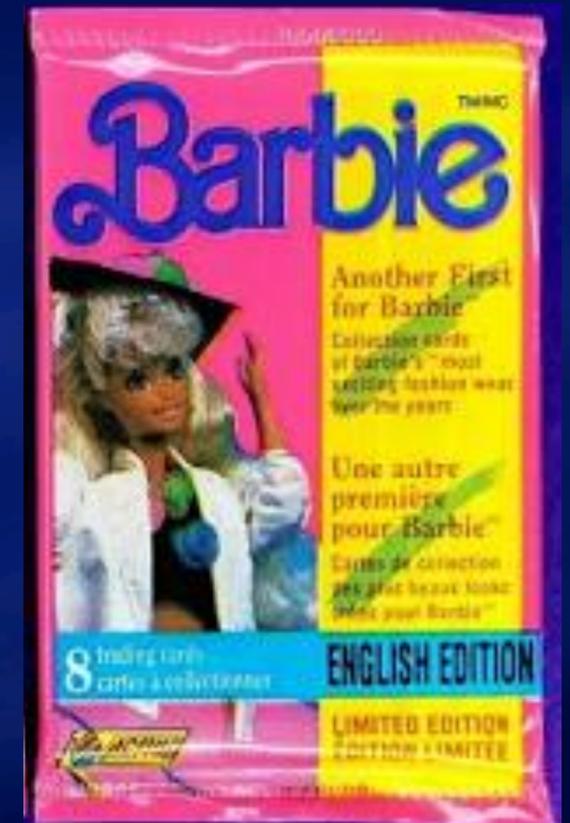
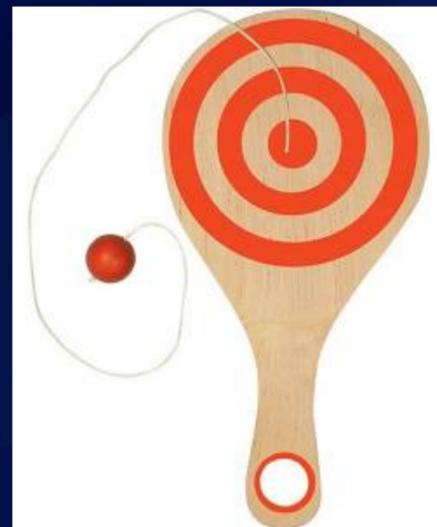
- In the past, some justified capitalism on the basis of Darwinian natural selection.
- Walter Mondale criticized Ronald Reagan's economic policies by saying he believed in "social decency, not Social Darwinism."
- Critics see capitalism as a zero sum game.

Zero Sum

- Jay Richards - “Everything I needed to know about the market I learned in kindergarten.”
- “Actually it was a 6th grade “trading game.”
- It can be a win-win game.



Trading Game



Population - Pollution

- This criticism was a foundational principle of the environmental movement.
- Lynn White (*Science*, 1967) blamed Judeo-Christian ideas for our ecological problems.
- Called for a rejection of Christianity and capitalism.

Population - Pollution

- Paul Ehrlich predicted “famines of unbelievable proportions” by 1975.
- He predicted that “hundreds of millions of people starving to death” in 1970s & 1980s.
- Agricultural revolution and free market principles prevented this from happening.

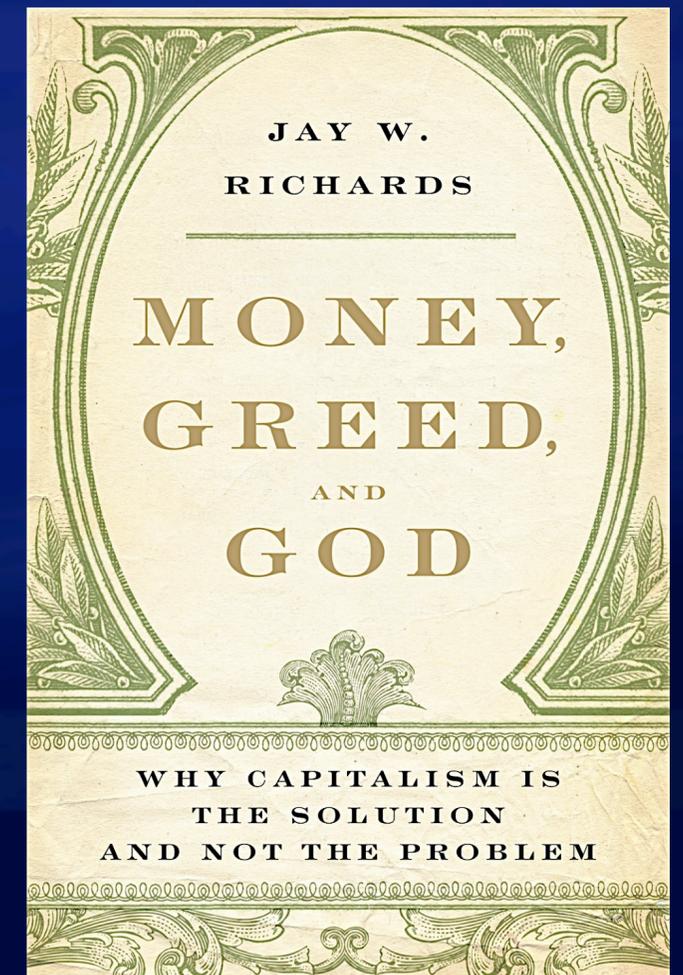
Population - Pollution

- We are commanded to be fruitful and multiply and have dominion over the earth.
- Dominion does not mean domination.
- We are to be benevolent stewards as we use and manage the resources God has provided.

Theological Criticisms

Inequality

- LeBron James makes more than \$36 million each year, while a social worker may only make \$36,000 each year.
- Jay Richards calls this “the artsy myth.”
- It is confusing aesthetic judgments with economic arguments.



Consumerism

- No sin in the Bible is called “consumerism” but it is similar to gluttony.
- Daniel Bell, *The Cultural Contradictions of Capitalism* - Puritan culture of restraint.
- Jesus warns us about the dangers of materialism (Matthew 6:19-21).

