



RECLAIMING THE  
CHRISTIAN INTELLECTUAL TRADITION

# ECONOMICS

A STUDENT'S

GUIDE

Greg Forster

Series Editor: David S. Dockery

“What’s so great about economics? When we understand economics better, we understand God better, we understand ourselves better, and we understand each other better. But more than that, we begin to grasp how God intends for us to serve him—and each other—in the economic realm. According to Greg Forster, we are participants in the economic realm at every single moment of our lives. Your choices about where to eat or what toothbrush to buy may seem mundane, but Forster wants you to see them as deeply profound. When you begin to see yourself in relation to the created order, as Forster argues that you should, economics becomes no ‘dismal science’; instead it becomes the most hopeful social science there is!”

**Victor V. Claar**, BB&T Distinguished Professor of Free Enterprise and Associate Professor of Economics, Florida Gulf Coast University; coauthor, *Economics in Christian Perspective*

“Forster weaves together a masterful account of economic and intellectual history with a deep understanding of the theological issues facing modern Christians.”

**P. J. Hill**, Professor of Economics Emeritus, Wheaton College

“In this short book, Forster accomplishes what far larger economics books fail to achieve, by laying out a theological, moral, and historical foundation for economics. He leaves the technical details to others and instead gives his readers an approachable introduction to human agency, cooperation, and well-being, while also providing a tour through economic and intellectual history. The result is a perfect complement to an economics or business education, or an excellent guide to economics for those in the humanities. I want all my students to read this book.”

**Steven McMullen**, Associate Professor of Economics, Hope College; Executive Editor, *Faith & Economics*

“Each morning we wake up to an economic world, yet we often fail to grasp the wonder, complexities, and challenges of modern free-market economies. Few writers today are more intellectually robust and fairhanded, while also engaging and accessible, than Greg Forster. Forster’s deep grasp of theology as well as economics brings a rare and welcome historical perspective, helping the reader grasp the rich contours of the past and wisely engage the present realities of a free-market economy. Embracing a gospel centrality, Forster rightly asserts that the gospel demands a new economic life and paves the way for more virtuous economic exchange. Forster’s book is a treasure for all who desire a greater grasp of modern economic thought and its integration with Christian theology. I highly recommend it.”

**Tom Nelson**, Senior Pastor, Christ Community Church, Kansas City; President, Made to Flourish; author, *Work Matters* and *The Economics of Neighborly Love*

*“Economics: A Student’s Guide* introduces economics to undergraduates in a manner that is faithful to history and Christian theological commitments. Specialization, exchange, the role of money, competition, and economic growth are framed in the light of the scriptural values of justice and mercy. Students are invited into a consideration of how neighborly love is expressed in the marketplace through productive work, compassionate care for the poor, challenges to economic injustice, and encouragement of creativity. Current secular assumptions that incline us to blindly trust the market or political intervention are exposed, and in contrast, God’s vision for restoration of economic harmony is explored. Any student wanting an introduction to how the distinctive wisdom of Scripture informs our view of the economy and the study of economics will surely benefit from this book.”

Edd Noell, President, Association of Christian Economists; Professor of Economics and Business, Westmont College; coauthor, *Reckoning with Markets and Economic Growth*

## ~SERIES ENDORSEMENTS~

“Reclaiming the Christian Intellectual Tradition promises to be a very important series of guides—aimed at students—intended both to recover and instruct regarding the Christian intellectual tradition.”

Robert B. Sloan, President, Houston Baptist University

“Reclaiming the Christian Intellectual Tradition is an exciting series that will freshly introduce readers to the riches of historic Christian thought and practice. As the modern secular academy struggles to reclaim a semblance of purpose, this series demonstrates why a deeply rooted Christian worldview offers an intellectual coherence so badly needed in our fragmented culture. Assembling a formidable cohort of respected evangelical scholars, the series promises to supply must-read orientations to the disciplines for the next generation of Christian students.”

Thomas Kidd, Department of History, Baylor University

“This new series is exactly what Christian higher education needs to shore up its intellectual foundations for the challenges of the coming decades. Whether students are studying in professedly Christian institutions or in more traditionally secular settings, these volumes will provide a firm basis from which to withstand the dismissive attitude toward biblical thinking that seems so pervasive in the academy today. These titles will make their way onto the required reading lists for Christian colleges and universities seeking to ensure a firm biblical perspective for students, regardless of discipline. Similarly, campus pastors on secular campuses will find this series to be an invaluable bibliography for guiding students who are struggling with coalescing their emerging intellectual curiosity with their developing faith.”

Carl E. Zylstra, President, Dordt College

**ECONOMICS**



RECLAIMING THE CHRISTIAN INTELLECTUAL TRADITION

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# **ECONOMICS** A STUDENT'S GUIDE

Greg Forster

*Economics: A Student's Guide*

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This book is dedicated to

P. J. Hill, Victor Claar, and Brian Fikkert,

for doing so much to help me  
understand their discipline,

and for their leadership in helping their  
discipline think with the mind of Christ.



In that night God appeared to Solomon, and said to him, “Ask what I shall give you.” And Solomon said to God, “You have shown great and steadfast love to David my father, and have made me king in his place. O LORD God, let your word to David my father be now fulfilled, for you have made me king over a people as numerous as the dust of the earth. Give me now wisdom and knowledge to go out and come in before this people, for who can govern this people of yours, which is so great?” God answered Solomon, “Because this was in your heart, and you have not asked for possessions, wealth, honor, or the life of those who hate you, and have not even asked for long life, but have asked for wisdom and knowledge for yourself that you may govern my people over whom I have made you king, wisdom and knowledge are granted to you. I will also give you riches, possessions, and honor, such as none of the kings had who were before you, and none after you shall have the like.”

2 Chronicles 1:7–12

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# SERIES PREFACE

## RECLAIMING THE CHRISTIAN INTELLECTUAL TRADITION

The Reclaiming the Christian Intellectual Tradition series is designed to provide an overview of the distinctive way the church has read the Bible, formulated doctrine, provided education, and engaged the culture. The contributors to this series all agree that personal faith and genuine Christian piety are essential for the life of Christ followers and for the church. These contributors also believe that helping others recognize the importance of serious thinking about God, Scripture, and the world needs a renewed emphasis at this time in order that the truth claims of the Christian faith can be passed along from one generation to the next. The study guides in this series will enable us to see afresh how the Christian faith shapes how we live, how we think, how we write books, how we govern society, and how we relate to one another in our churches and social structures. The richness of the Christian intellectual tradition provides guidance for the complex challenges that believers face in this world.

This series is particularly designed for Christian students and others associated with college and university campuses, including faculty, staff, trustees, and other various constituents. The contributors to the series will explore how the Bible has been interpreted in the history of the church, as well as how theology has been formulated. They will ask: How does the Christian faith influence our understanding of culture, literature, philosophy, government, beauty, art, or work? How does the Christian intellectual tradition help us understand truth? How does the Christian intellectual tradition shape our approach to education? We believe that this series is not only timely but that it meets an important need, because the

secular culture in which we now find ourselves is, at best, indifferent to the Christian faith, and the Christian world—at least in its more popular forms—tends to be confused about the beliefs, heritage, and tradition associated with the Christian faith.

At the heart of this work is the challenge to prepare a generation of Christians to think Christianly, to engage the academy and the culture, and to serve church and society. We believe that both the breadth and the depth of the Christian intellectual tradition need to be reclaimed, revitalized, renewed, and revived for us to carry this work forward. These study guides will seek to provide a framework to help introduce students to the great tradition of Christian thinking, seeking to highlight its importance for understanding the world, its significance for serving both church and society, and its application for Christian thinking and learning. The series is a starting point for exploring important ideas and issues such as truth, meaning, beauty, and justice.

We trust that the series will help introduce readers to the apostles, church fathers, Reformers, philosophers, theologians, historians, and a wide variety of other significant thinkers. In addition to well-known leaders such as Clement, Origen, Augustine, Thomas Aquinas, Martin Luther, and Jonathan Edwards, readers will be pointed to William Wilberforce, G. K. Chesterton, T. S. Eliot, Dorothy Sayers, C. S. Lewis, Johann Sebastian Bach, Isaac Newton, Johannes Kepler, George Washington Carver, Elizabeth Fox-Genovese, Michael Polanyi, Henry Luke Orombi, and many others. In doing so, we hope to introduce those who throughout history have demonstrated that it is indeed possible to be serious about the life of the mind while simultaneously being deeply committed Christians.

These efforts to strengthen serious Christian thinking and scholarship will not be limited to the study of theology, scriptural interpretation, or philosophy, even though these areas provide the framework for understanding the Christian faith for all other areas

of exploration. In order for us to reclaim and advance the Christian intellectual tradition, we must have some understanding of the tradition itself. The volumes in this series seek to explore this tradition and its application for our twenty-first-century world. Each volume contains study questions, a glossary, and a list of resources for further study, which we trust will provide helpful guidance for our readers.

I am deeply grateful to the series editorial committee: Timothy George, John Woodbridge, Michael Wilkins, Niel Nielson, Philip Ryken, and Hunter Baker. Each of these colleagues joins me in thanking our various contributors for their fine work. We all express our appreciation to Justin Taylor, Jill Carter, Allan Fisher, Lane Dennis, and the Crossway team for their enthusiastic support for the project. We offer the project with the hope that students will be helped, faculty and Christian leaders will be encouraged, institutions will be strengthened, churches will be built up, and, ultimately, that God will be glorified.

*Soli Deo Gloria*  
David S. Dockery  
Series Editor



## THE ECONOMY

### HOW WE STEWARD THE WORLD TOGETHER

Everywhere you go, people care passionately about the economic side of life. At the personal level, worrying about job security has become the new normal for millions of people of every socio-economic level, and money trouble is one of the key factors in every kind of personal calamity, from divorce to addiction. At the organizational level, we all do our daily work as part of organizations that have a bottom line and have to “make payroll” every week to survive. (This includes colleges, churches, other nonprofits, and even government entities, as well as businesses!) At the social level, there is never a moment when our public life is not dominated by debates over economic policy. Intergenerational poverty remains one of our most weighty challenges. And the future of our civilization seems to depend on whether we can figure out the right response to the unprecedented developments of technological progress and globalization. All our social systems were designed for a world in which muscle power was highly valued and nations were mostly separate from one another. Drastically increased mechanization of physical labor and the movement of goods, people, and communication across boundaries and enormous distances is now confronting us with challenges our systems weren’t built to face.

Looking at all those challenges, it’s no wonder economists joke that their field is “the dismal science.” But it is possible to see these things from another perspective. The Christian intellectual



tradition, building on the revelation of God in Christ by the Spirit in the word, has spent two thousand years helping people lift their eyes to a higher reality that lies behind these troubling experiences.

## THE GOSPEL IN A WORLD OF ECONOMIC TROUBLES

We live in a world of troubles, many of which are economic. But why do we live in such a world? That is a theological question—in fact, it is one of the oldest theological questions, as the book of Job reminds us. If our experience of economics, like our experience of everything else, is dominated by the dismal, it seems only natural to ask why the dismal dominates. If theology has an answer to that question, as Christians believe it does, then it could help us look at our economic world in a whole new way.

What if our daily struggles to keep a job and make ends meet, our organizational struggles to make payroll and keep the lights on, and our societal struggles to manage public economic concerns are really battles in a cosmic civil war between God and Satan? What if every time we allow our economic actions to pursue greed, sloth, pride, envy, gluttony, lust, and wrath, we are surrendering a hill, a bridge, or an airstrip to the armies of our eternal enemy? What if every time we manage our economic affairs—from the personal to the public—with the justice and mercy of our gracious and powerful God, we are striking back against our ghostly foe and reclaiming a little piece of the world for the holy love of God? How can Christians develop ways of thinking about and participating in the economy that take it seriously as a major strategic front in the holy war between God and Satan for the fate of the universe?

Why, no, as a matter of fact, this is not an ordinary economics textbook.

This is a book about economics, not a book of theology as such. Our focus is economic affairs, from balancing checkbooks to globalization, poverty, growth, and debt. But we will be looking at the economy through the lens of the Christian intellectual tradi-

tion, seeing these things as the church has seen them in the light of Scripture and the Spirit.

This chapter provides an overview of how the economic side of life can be understood as part of a Christian worldview. Chapter 2 turns to Scripture and reviews key elements of the testimony of God's Word on economic matters. These are the foundations on which the Christian intellectual tradition has built a theological view of the economy.

Of course it's true that Augustine never wrote about global markets, Thomas Aquinas never commented on industrialization, and Martin Luther had nothing to say about digital finance, for the very good reason that these things did not exist when they lived. But as we will see in chapter 3, Augustine and his ancient contemporaries did describe how the gospel compels us to see economic affairs in a dramatically different way. As we will see in chapter 4, Aquinas and his medieval contemporaries did describe how this new worldview could be worked out in economic systems and behaviors on both large and small scales. And as we will see in chapter 5, Luther and his early modern contemporaries did describe how the economic reforms brought into the world by Christianity were leading in radically unexpected directions, with the potential to reshape the world. Only by recovering a theological view of economics, which the Christian intellectual tradition provides, can we hope to think faithfully about our own economic challenges.

However, we face a challenge they did not face—and I'm not talking about globalization. I'm talking about a more subtle challenge. Our way of life and our categories of thought have become separated from the Christian intellectual tradition. There were many historical differences between Augustine in the fifth century and Luther in the sixteenth, but for all that, they did share a lot of common ground in the way they thought about the world. That vast area of common ground has become, for us, a lost continent. As we will see in chapter 6, the economic thought of the modern

world has become detached from Christian thought and is deeply shaped by various secular and pagan ways of understanding the world. Christians today are, in general, not much aware of how deeply we have allowed these secular and pagan assumptions to shape our views and behaviors. As a result, it is much harder for us than it was for our spiritual ancestors to view economics in a Christian way. In chapter 6, we will look at some starting points for reforming our economic thinking and acting.

## **THE ECONOMY IN A BROAD SENSE: MAKING CHOICES ABOUT RESOURCES**

“The economy” and “economics” are not the same thing. It’s easy to say what economics is: it’s the academic discipline that studies the economy, just as political science is the discipline that studies politics and chemistry is the discipline that studies chemicals. When people say they want a Christian view of economics, usually what they really mean is that they want a Christian view of the economy. It certainly wouldn’t do much good to develop a Christian view of political science without developing a Christian view of politics!

But what is the economy? That, it turns out, is a harder question.

When people hear the term “the economy,” they usually get two images in their minds. One is confusing graphs, bewildering mathematical formulas, and endless spreadsheets of numbers. The other is talking heads on a screen, yelling at each other about public policy.

Those things are not the economy. They are the two main ways our advanced modern world *talks about* the economy. And they do have important roles. Graphs, formulas, and spreadsheets make it possible for us to manage large amounts of economic information. Take a course on economics or just read one of those ordinary economics textbooks, and the graphs and charts will be much less

bewildering. Likewise, every society needs to have public-policy debates. Our government is going to make economic policy one way or another; if we didn't have public debates about it, the policy-makers would just do their work secretly, unaccountable for the way they used their power. (Granted, the "yelling at each other" part is something we could do without.)

To understand the economy, however, we have to go behind the graphs and the debaters. We have to see the things they're describing and arguing about.

So what is the economy? Let's begin with what academic economists say. For the field of economics, the standard definition of the economy focuses on the choices people make about using resources.

Specifically, by the standard definition, the economy is how we make decisions about using resources that are limited in amount or availability.<sup>1</sup> Economists call these "scarce" resources, but they're using the term *scarce* in a special, technical sense. Imagine a gigantic warehouse full of thousands of crates of 12-ounce soda cans. In that warehouse, soda is not "scarce" in the way we usually mean, because it is very abundant. There's a lot of it. But soda is still "scarce" in the way economists mean, because it is still limited. The amount of soda in the warehouse is not infinite; if you start putting it on trucks and shipping it to grocery stores, eventually you will run out.

This means the economy is largely about trade-offs. Because most resources are limited in some way, our decisions about how to use them involve trading off one possible use for another. If I have a limited supply of food in my refrigerator, any choice I make to use that food in one way (such as eating it) reduces my opportunity to use it in other ways (letting others in my household eat it, bringing it to a church luncheon, or gluing it to the wall to make avant-garde

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<sup>1</sup> See Victor V. Claar and Robin J. Klay, *Economics in Christian Perspective: Theory, Policy, and Life Choices* (Downers Grove, IL: InterVarsity Press, 2007), 15–16, 26–34.

artwork). I can certainly choose to eat some of the food, give some to my family, bring some to church, and glue some to the wall. But each item of food I use in one way is an item I can't use in another way. By contrast, my supply of air is effectively unlimited, so the choices I make about how to use air do not involve those kinds of trade-offs. That is why the choices I make about food are economic choices, while the choices I make about air are not.

This leads us to a very important insight: the economy is not just about money. Money is very important, but it is only one kind of economic resource. There are millions of economic resources. If we are thinking only about money, we are not thinking about the economy; we are thinking about one important but limited *part* of the economy. And the money part of the economy does not somehow control all the rest and render it irrelevant. On the contrary, many of the decisions you make about how to use your money are driven by decisions you've made about other economic resources and opportunities—you don't go to college because it gives you an excuse to take out that student loan you've always dreamed of having; you take out the loan because you want to go to college.

To see why the economy is so much more than money, it helps to consider three of the major categories of economic resources recognized by academic economists.<sup>2</sup> One category is money and material goods—houses, cars, phones, breakfast cereal, video games, coffee, and all those sorts of things. A second category is time. You have a limited amount of time, and at every moment you are making choices about how to use your time that involve economic trade-offs. An economist friend of mine says time is his favorite economic resource because it's the great equalizer—it's the only thing we all have the same amount of. You can spend money to hire other people to use their time doing things for you, but you cannot increase or decrease the number of hours you have each day. A third category is reputation. We can see how reputation is

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<sup>2</sup> See Claar and Klay, *Economics*, 26–34.

an economic resource most easily when, for example, a celebrity takes money to endorse a product. But that's just the tip of the iceberg. All of us are constantly thinking about how other people see us, and adjusting our behavior accordingly. All day long, we are managing our reputations as a limited resource. We often spend large amounts of money and time to do things that we hope will improve the way others see us. This also goes the other way, because we “spend” or “invest” reputation whenever we endorse or argue in favor of something, such as when you tell your skeptical friend that a certain book or movie is worth his or her time.

### **THE ECONOMY IN A NARROWER SENSE: SYSTEMS OF EXCHANGE AND SPECIALIZATION**

The economy is not just money. It's the complex system of choices we make about all our resources (including money), all our time, and all our standing in the eyes of others. Every choice we make throughout the day that involves managing these resources is an economic choice.

And let's face it, that's pretty much all our choices, at some level! There is no area of life that is not economic in at least some way. Even prayer involves economic decisions, because you are making a choice about how you use your time. You might even be making the wrong choice! As C. S. Lewis said, in the middle of a prayer “you may realize that, instead of saying your prayers, you ought to be downstairs . . . helping your wife to wash up. Well, go and do it.”<sup>3</sup> The scriptural injunction to “pray without ceasing” (1 Thess. 5:17) means we should do everything in a prayerful way, not that we should stop working (Ex. 20:9), resting (Ps. 127:2), and enjoying life (1 Tim. 6:17) in order to do nothing but pray. That means making economic decisions about when to pray and when to work, rest, enjoy, and so forth.

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<sup>3</sup>C. S. Lewis, *Mere Christianity*, in *The Complete C. S. Lewis Signature Classics* (New York: HarperOne, 2002), 102.



We live in a world full of economic troubles.

Families struggle to make ends meet, organizations struggle to make payroll, and societies struggle to deal with generational poverty and rampant debt. Only by recovering a theological view of economics can we hope to think faithfully about our economic challenges. Exploring principles outlined in Scripture and economic thought throughout church history, this book lifts our eyes to a higher reality that lies behind economic systems, theory, and policy so we can wisely steward the world that God has given us.

"A masterful account of economic and intellectual history with a deep understanding of the theological issues facing modern Christians."

**P. J. Hill**, Professor of Economics Emeritus, Wheaton College

"Any student wanting an introduction to how the distinctive wisdom of Scripture informs our view of the economy and the study of economics will surely benefit from this book."

**Edd Noell**, President, Association of Christian Economists

**GREG FORSTER** (PhD, Yale University) serves as the director of the Oikonomia Network at the Center for Transformational Churches at Trinity International University. He is the author of nine books and numerous scholarly and popular articles, and a Friedman fellow at EdChoice.

### **The Reclaiming the Christian Intellectual Tradition® series**

is designed for Christian students and those associated with college campuses, including faculty, staff, and trustees. These guidebooks address the common challenges in major academic disciplines by reclaiming the best of the Christian intellectual tradition—demonstrating that vibrant, world-changing Christianity assumes a commitment to the integration of faith and scholarship. With illustrations, reflection questions, and a list of resources for further study, this series is sure to be a timely tool in both Christian and secular universities, influencing the next generation of leaders in the church, the academy, and the world.

ECONOMICS