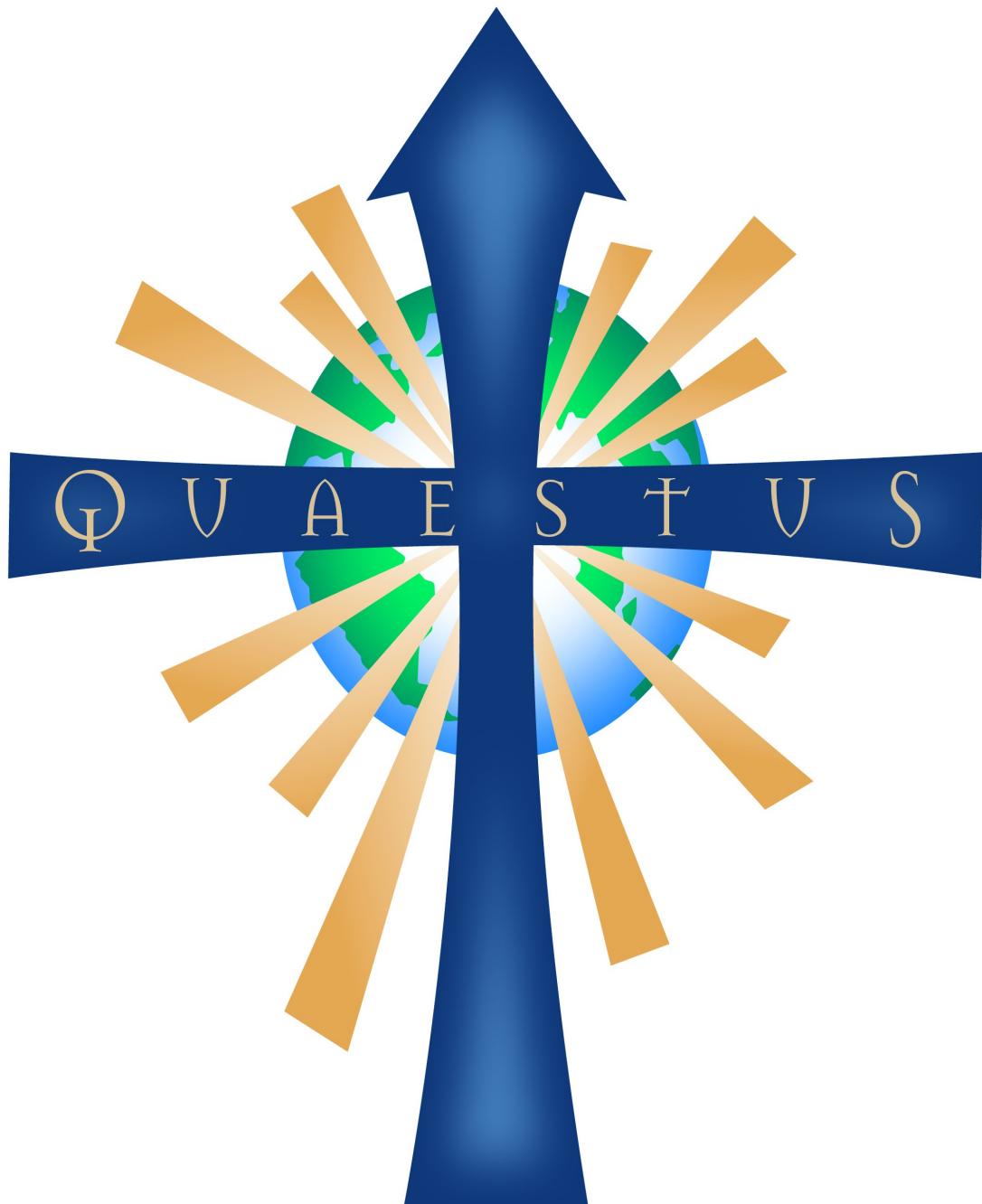


2020 Inaugural Issue 1



Nihil Sine Deo
(nothing without God)

CONCORDIA UNIVERSITY
WISCONSIN & ANN ARBOR

Mission

Quaestus is a student-led journal presenting ideas about Liberty, Virtue and Economics, from a Christian perspective, to promote human flourishing.

Vision

Our vision is to inspire the next generation of Christian thought leaders by addressing global issues with sound economic and moral principles.

“And God blessed them, saying, ‘be fruitful and multiply, fill the earth and subdue it; have dominion over the fish of the sea, over the birds of the air, and over every living thing that moves on earth’.”

Genesis 1:22



Inaugural Issue

Spring 2020

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Concordia University is a Lutheran higher education community committed to helping students develop in mind, body and spirit for service to Christ in the church and the world.

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Welcome to the Inaugural Edition of Quaestus

Quaestus is Concordia University's first student-led peer-reviewed journal, and I am very excited to share with you here a bit of history as to how the journal came to be, and what the journal is focused on.

Last summer, Concordia University completed construction of the Robert W. Plaster Free Enterprise Center, which houses the Batterman School of Business. This is the business school on our Mequon, Wisconsin campus, and is a close partner with our Haab School of Business in Ann Arbor, Michigan (we have two main campuses). To celebrate our new building – a Free Enterprise Center – we decided to hold a 2-day summit in Fall of 2019, to explore in a scholarly manner, what Free Enterprise means for a Christian university. In particular, we explored the interface of economics, concepts of freedom and liberty, and our Christian identity. This summit, co-hosted with Acton Institute, was called the Liberty, Virtue and Economics Summit, and we hope to make it an annual event. Importantly, students were involved deeply. All students who take our University core “Christian Citizen” class attended the opening talks, and all students had the chance to participate in an essay competition where they reflected on topics in three key areas: (a) the role of capitalism vs. socialism in addressing poverty, (b) the interface of faith and economics, and (c) the economic arguments for and against tariffs. The students also participated on panels, discussing these topics with nationally recognized leaders in the area of Liberty, Virtue and Economics.

Out of that fall event grew this journal. This was the result of several brainstorming sessions with Patrick Oetting of Acton, and with various speakers like Ismael Hernandez, and – most importantly – the students! Five students came together, in the context of a research class, to form the editorial board of this journal, and to launch this very first edition of the journal that they named Quaestus.

Quaestus will always focus on topics related to Liberty, Virtue and Economics, and build off of the prior year’s summit. Modeled loosely after Imprimis from Hillsdale, submissions will be in two categories: (a) transcribed talks of thought leaders who speak at our annual summit, and (b) student essays that relate to summit topics.

Quaestus is Latin for profit, and in the spirit of this journal, can be thought of more broadly as prospering or flourishing, embracing economic as well as spiritual growth, grounded in biblical principles that value human dignity, creativity, individuality and entrepreneurial spirit. I applaud the first editorial board of Quaestus, for building the foundation for what I believe will be an impactful, scholarly and balanced annual publication from Concordia University – on an important topic that we embrace: Liberty, Virtue and Economics.

Sincerely,
Daniel Sem, Ph.D., JD, MBA
Dean, Concordia University



"I've never been in a room full of professed Christians who disagree about the call to care for the poor. That's pretty uncontroversial. . "

- Anne Rathbone-
Bradley



A Biblical Answer to Poverty, Anne Rathbone-Bradley

Transcription By Megan Wangerin

Anne Rathbone Bradley the vice president of Economic Initiatives at the Virginia-based Institute for Faith, Work, and Economics, the George and Sally Mayer Fellow for Economic Education and Economics, a visiting professor from Georgetown University, and an affiliate scholar at Acton Institution delivered a presentation at Concordia University Wisconsin's Liberty, Virtue, and Economics (LVE) Summit to give a biblical prospective on poverty. The following is adapted from her presentation given September 20, 2019.

I've never been in a room full of professed Christians who disagree that we have a call to care for the poor. That's pretty uncontroversial. Really, regardless of your denomination or what church you attend, this just kind of goes without saying. The problem is that we all tend to be very vociferous and really disagree on how we do that...so I want to talk a little bit about that, I'm going to be very explicitly doing that as a Christian economist. So, I'm coming to this first as a believer with an understanding that truth comes through a proper understanding of scripture. Capitalism is not something that can be found in the indices of the bible, by finding a verse and going directly to it. I do think the principles can be found in the bible, the idea of capitalism and communism, and what it is Christians should advocate for is revealed in Scripture. Good economics starts with the understanding of the human person. As Christians this is given to us in Scripture. What type of societies allow us to live into what God wanted us to do and be, including care for the poor?

(Boris Yeltsin was the first Russian president post-Soviet Union and falling of the Berlin Wall. The image on the screen [shown at the LVE summit] shows, Yeltsin on 9/16/1989 at a grocery store). Yeltsin was visiting current president (at the time) George Bush and is shown the Johnson Space Center in Houston, TX. These are very diplomatic things done on diplomacy tours, but he is unamused. He wants to see "something he really cares about, something real." Yeltsin asks Bush to take him to a grocery store. They go on an unscheduled tour of a local Randall's. Yeltsin paces up and down the store seeing all the groceries that are there to buy. It is not there for the Politburo or the American ruling class but for the common American. Yeltsin wrote about this in his autobiography.

In a grocery store Yeltsin was profoundly impacted and says, "If the Russian people knew of this, surely they'd revolt." The comment is raw and pure. The Russians just went through 80 years of central allocation of economic resources. That man, Yeltsin, is a product of that environment, but think about him. He is the president. He's powerful. He has money. He has resources. He has exploitative power, not just legitimate power. Presidents are used to receiving things on command. They have minions. Most of us do not have those things. Yet, Boris Yeltsin cannot commandeer a grocery store. Both overwhelmed and depressed as he watches people put things in the cart and continue shopping, not excited or overly expressive about it. He thinks, why are they not jumping up and down about how amazing it is? Those typically in an airport are crabby about the time it takes to get through the processes or how long it takes to get where you need to be. They should be excited about the opportunity flying has. People get somewhere they would not be able to get in a short time via a metal tube.

A market has the power to deliver to ordinary people goods that would be difficult to procure on one's own. Boris Yeltsin brings back grocery stores to Russia. He is overwhelmed and confused, not knowing how to do this. How to get it done. But he knows the absence of a market makes people poor. It makes poverty and exclusion persist. Economic principles can be drawn from Scripture where a good foundation must rest, where some key pieces of economic principles appear and come out naturally. Christians have a corner on the market of this truth by coming from a biblical perspective of what God designed and desires. I'm not a theologian but I've worked with them closely to explore this.

Think of Creation in Genesis as more than just a linear 7-day creation story and what is loaded in it. Christians draw purpose and vision and have a glimpse at the image of Shalom -God's peace- from it and how they fit in. Take it seriously and look at the lessons that can be learned. How does the call to work require good economic thinking and freedom?

Economic freedom is required to live out God's vision and purpose of us as humans. The morning panel declared humans will always be human beings. This is the starting point of any society that gets constructed. Utopia will never be attained. I remember my economics professor used to say, economics puts restraints on our utopia.

Genesis 1:26-28 is God's purpose for creation. Humans are the image of God...We are His masterpiece. He master engineered and architected us. We cannot create in the same way God can, something out of nothing, but we can create. That is where we get passion and our jobs from. We are instructed to be fruitful and multiply.

Think about if someone assigning one with babysitting, walking a dog when they are out of town, or shoveling snow. It's something they ask one to watch over when they're on vacation. The job is to take care of, to preserve it. If bad things happen, call the police, call the fire or whatever one needs to do, but they're not asked to renovate the house. They are not told to construct an addition to the house. That goes above and beyond the duties of preserving. The Hebrew word for to serve, 'abad' is an active word to holy preserve. Think of what it means to serve one another. What kind of society induces greedy people to think about their fellow human beings? This is the overarching question in political economic thought. It's not an easy thing to do but is what we are called upon to do. How do we work it? How do we unleash our human creativity and what God has given us?

We serve each other in the marketplace, but that's not the only place. Vocation is much broader than our job. Individuals serve God in all aspects and dimensions of who they are. Through the family, their church, their community, and the body itself. Jonathan Pennington, a theologian, writes well on the idea of Shalom as an end goal. Shalom translates into peace, but peace is a simple definition. It is only the absence of conflict. Shalom goes above in concept and is more than just English 'peace.' Shalom is God's creation working the way it is supposed to.

Flourishing historically is measured in human health; it is something we have not particularly been good at. It is only until recently that longevity and healthier lives have persisted. Strength, fertility, and longevity are harder to attain in poverty. Material wellbeing and health are a part of human flourishing. It is not the only part, but it is a component of human flourishing. Material wellbeing allows us to make advances in our longevity and advances in human health. What do we want for those living in the poorest parts of the earth? We want them to have material possessions that let them live longer, healthier, lives. This is a controversial issue because we want them to go from being poor to being rich, which lets them have agency. Agency needs material wellbeing.

Material wellbeing for agency in human flourishing is found in Jeremiah 29:7. The story of Jeremiah is one of prosperity. Prosperity is not following everything God says and becoming the next Bill Gates, but the responsibility to take the gifts from God. We are to make the best of the gifts and to serve others with them. Jeremiah was a letter that preaches prosperity to people taken into exile. Jeremiah 29:7, "seek the peace and prosperity of the city to which I have carried you into exile; if it prospers you prosper." We cannot prosper if our cities are immiserated and dying. Biblical prosperity is mutual. Its teachings say we rely on each other to prosper; here we can start thinking about what we are after. What kind of society allows us to engage in mutual rather than exploitative prosperity? Scripture says we need to be after mutuality not exploitative prosperity. We should not be using the word prosperity if it was gained by exploitative properties and not mutual means. This is an extension of the human person and God's creation.

We are all unique. Humans share a lot of similarities physiologically but are all given unique sets of gifts. Children are learning from a young age that they can be whatever they want to be. In reality, it is not how that works. You can be anything God created you to be in which a range exists. I can work at becoming a professional pianist all I want, but people would pay me not to play.

Humans are subjective. Everybody has different interests and sets of likes and dislikes. Coming up with a policy argument that pleases everybody is extremely difficult because we're subjective. This is the case when it comes to things, we care about most like healthcare. The argument for healthcare is being looked at wrong. We all want healthcare to be more accessible and affordable for everyone. At the root of healthcare, it's noncontroversial but the way it is achieved is. Having a human anthropological truth that what someone wants at ages 20, 40, and 75 are entirely different needs to be crafted into the healthcare debate.

Humans are intentional. Bastiat's The Law says humans are not windup toys. Nobody programs us in the morning and sends us off to do things. We are purposeful and have desires. We have whims and preferences that are deeply seated in us that we cannot even articulate like being in front of the refrigerator after doing grocery shopping and realizing you do not like anything in there even though you did the shopping. If we cannot describe how we feel and why we feel the way, we do on our preferences, how will we plan around this? This reality must be respected; this is how God created us, with purpose, not as robots. When we live into the purpose and integrity, seeking God's will for it we can be part of Shalom.

Adam Smith, a moral philosopher, is seeing the world change during the industrial revolution unfolding. He is called the father of modern economics because he knew the truth about human anthropology. He knew humans have ordinary affairs and need incentives to think of the *common good*. We need more than just a good person to be a senator, they need some incentive to do good. Humans act on self-interest. God created self-interest for a reason. Self-interest is not sinful in and of itself but can quickly turn to sin and greed. Sacrifice can result from self-interest such as saving a child from an accident. How do we transform the ordinary human being to care and not act on self-interest every time? How will human nature be understood and used for more outwardly thinking? We all agree we are mandated to help the poor, but we don't all agree on how.

In addressing a solution on how best to care for the poor, anthropological considerations must be merged with economic realities and thought. Economic realities exist. The first economic reality is that something cannot be created out of nothing. Humans love "free" but nothing is "free." Most things are paid for in time. Time is the most precious asset a human has, which God calls for us to be good stewards of. The second economic reality is we have limited gifts and abilities. Flourishing cannot happen alone. We are relational and need each other, which is why comparative advantage exists. We should produce things that we can produce at relatively lower costs than other people. We can do a lot of things, but it does not mean we are good at them. This is why we need specialization. Specialization frees up time constraints. If we must do multiple things to survive, we will not be as good at one or both. Adam Smith figured that out with development economics that is the cornerstone of trade as a nation. We need each other. The last economic reality presented is that humans respond to incentives. For a prosperous society where we serve each other, we need to be induced to do so. Walmart is induced to help people save money to live better, but it is not from self-nature. Clean water, food, shelter, and healthcare is needed for poverty alleviation. Sam Walton was not a saint who knew about people and their lifestyles. We do not know him personally to benefit from it. He helped people get groceries to rural communities introducing big box stores to them. This was accomplished with large economies of scale.

Everyone has a mind and heart that wants to play a part in aid for the poor. We cannot just run around doing things hoping it sticks. Resources that are available to us are scarce and limited. We need to bring trade to those who live in poverty. Those who live in poverty do so because they were excluded from Adam Smith's widening circle of trade. Poverty is personal for Christians. Water collection is accomplished in developing parts of the world such as sub-Saharan Africa with a mom and daughter. To collect water, they walk 4 miles each way and carry a dirty container that has water. It may be up to 45 lbs. 45lbs is the maximum amount airports let a suitcase be before they get the heavy sticker and assessed a higher charge. Water collection that is being done in desolate parts of the world, is back breaking calorie intensive work and it is completed on less than \$2.00 a day. They run out of calories before they run out of income. In America it costs very little time, calories, and income to purchase bottled water at a grocer. The African woman collects the water and it takes all her time. Her water is free whereas our bottled water is not. Free things tend to be the most expensive things you will ever procure. A price system helps ration scarce resources and it makes them more abundant. What do we want for the poor? We would like for her to be at Walmart and purchase goods. Her purchasing goods frees up her time, she will be able to teach her kids, develop new skills and a hobby which will allow her to make money. Trade is the key here, which is not done by us.

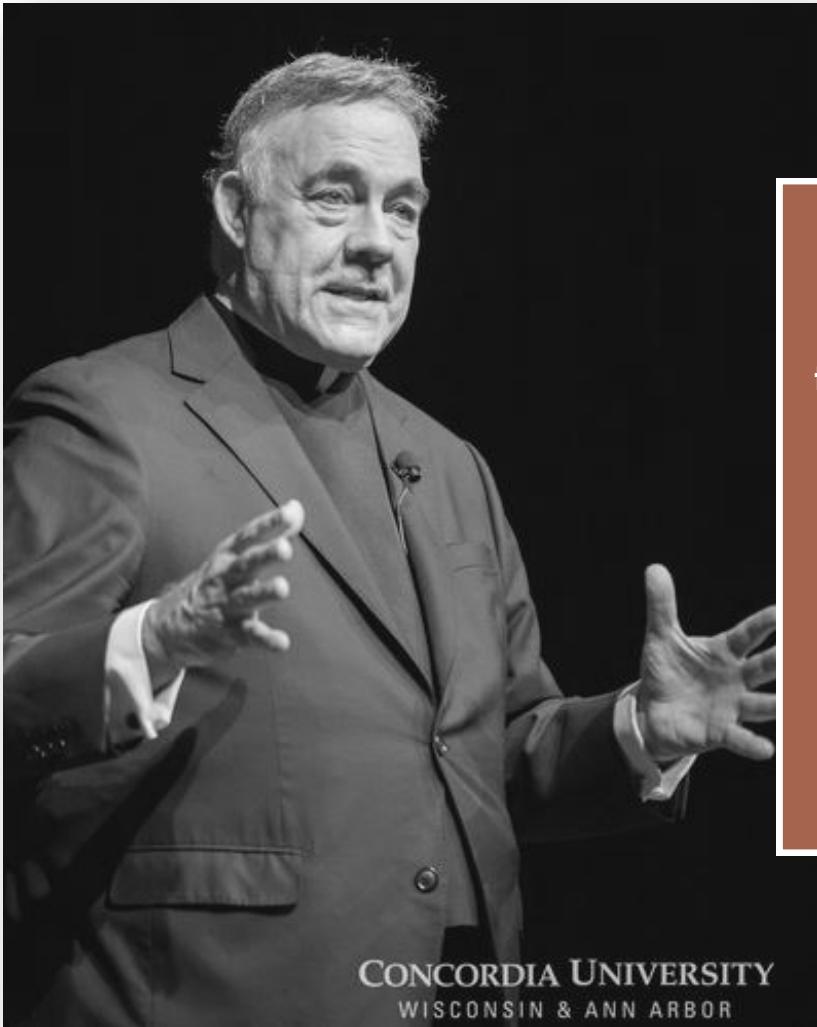
As believers, we should not make sure they just have more money, but also the hope of Jesus and vocational/skill training. These come from helping them materially through these conditions. In 1900 world longevity was 42 and a little higher in the Western world, U.S. and Europe. Now a middle-class American has a 50% chance of living to 100.

We were born in a time in history where we do not have to worry about something our ancestors did.

We did not do anything to do this we just were born into it. So how do we extend that to others... Economic freedom is a really great way to empirically assess the health of a nation... When we measure economic freedom as economists, it is data driven. Countries are scored from 0-10 on economic freedom from free to least free. These include intellectual property rights which can rest in Scripture in the 10 Commandments, levels of regulation and how difficult or easy it is to open a business and secure a line of credit to do so, the size of the government relative to its people, the soundness of the currency and monetary policy, and the freedom to trade internationally. Trade widens the circle of people that may be relied on. Venezuela scores lowest as a nation on least economic freedom, 30 years ago it was a thriving democratic country that was wealthy where one would go on a family vacation too. This scale is an empirical way to see which societies are escaping poverty and doing so rapidly, but also reveals the possibility that if we are not in the right institutions that respect humanity and human anthropology that rests in Scripture, then we can lose economic freedom like Venezuela. The population is immiserated, and the population is figuring out how to get out of it. There's no guarantee of economic freedom.

A society can have economic freedom and lose it or have little economic freedom and gain it. This must be thought of with inclusive opportunities for the poor. We don't just need to think about this globally but can also think of it in our cities and communities. How are people excluded? What are the vulnerabilities? How do we bring an economic approach to thinking about and serving our fellow human beings?

Trade empowers people to live into who it is that God created them to be. To do that and really help people is relational, not just writing a check. You cannot help someone out of addiction who is in a shelter by giving them a check, meal, water, or healthcare. You must walk with them. You need to be beside them.



"This is why it's important when we think of economics, that we think of the centrality of the human person." - Father Robert Sirico

Morality and Free Markets, Father Robert Sirico

Transcription By Grace Hemmeke

The following is adapted from a lecture given by Father Robert Sirico at Concordia University Wisconsin's Liberty, Virtue, and Economics Summit, September 19, 2019. Fr. Sirico is the founder and president of the Acton Institute. Ft. Sirico lectures at colleges, universities, and business organizations throughout the U.S. and abroad. His writings on religious, political, economic, and social matters are published in a variety of journals, including: the [New York Times](#), the [Wall Street Journal](#), [Forbes](#), the [London Financial Times](#), the [Washington Times](#), the [Detroit News](#), and [National Review](#). Fr. Sirico is often called upon by members of the broadcast media for statements regarding economics, civil rights, and issues of religious concern, and has provided commentary for [CNN](#), [ABC](#), the [BBC](#), [NPR](#), and CBS' *60 Minutes*, among others.

I wanted to talk about the interpenetration of economics, morality, virtue, and freedom. But I wanted to begin by doing it through the lens of my life.

I was born in Brooklyn, New York. This is 1950s Brooklyn. Raw, abrupt, and in your face. The apartment I grew up in had a little mini kitchen. Right across from our kitchen window was an identically laid out apartment where Mr. and Mrs. Schneider lived.

The day that impacted the way I think about these questions, occurred when I was about five years old. On this day I was watching from my kitchen windowsill as Mrs. Schneider was rolling out some dough and mixing up rugelach. I watched ... Mrs. Schneider never said a word, until she pulled out the last tray. Then she looked into my eyes and said, "You come, I'll give you rugelach to eat."

I scampered over to my windowsill. She took a napkin and proceeded to place the warm, aromatic rugelach into my hands.

As she did this, I noticed that running up her forearm were a series of blue tattoo numbers. I had no idea what that meant. I was five years old... I took the rugelach into my apartment and immediately hid them behind the bread box. My mom came in, and I said, "Mom why does Mrs. Schneider have those numbers on her arm?"

My mother didn't finish eighth grade, yet what she said to me was the most important course in morality, philosophy, theology, and anthropology... It became the lens through which I would see the rest of my life and view the world.

My mother said, "What do you do on Saturday mornings?"

"I watch cowboys and Indians on television."

And she said, "What do the cowboys do?"

I said, "Well sometimes they're on the horses and they catch their steers. They lasso them, get off the horse, turn it upside down, tie it tight, and then they take a branding iron to brand the back of the calf."

She said, "Why do they brand the back of the calf?"

I said, "So all the other cowboys know whose animal that is."

She said, "That's what people did to Mr. and Mrs. Schneider. They treated them like animals."

My reaction was instant not thought out, but visceral and natural. I was horrified. I knew there was an injustice to this. If you asked me at the time, I couldn't have said it that way. Years of studying theology and history... had given me a vocabulary to apply to it. But the injustice of it I knew almost as a whole. It was innate. I call it the *natural law*. I knew what I knew.

The rest of my life has been spent looking out at the world from this view of human dignity. Something that is natural to us. Something that when we see violated, we ought to respond.

In the 1970s, I found myself involved in a lot of political change movements. I had left the practice of my faith and was by this time living in California. I was involved in the beginnings of a lot of the political movements that are now established... It occupied my life the great deal of activism went into it. I did not think a lot about what I believed, but I believed and was passionate.

One day after going to demonstrations with different friends, we sat down in my apartment in Hollywood. We were talking about when the revolution comes and what we wanted to see happen. When the revolution comes there will be no more racial injustice, there will be economic equality, there will be no more homophobia, no more sexism, no more war. Everybody went around the room, "When the revolution comes this is going to happen..." When my turn came, I wanted to top them all so I said, "Yes, and when the revolution comes we're all going to shop at Gucci."

There was silence in the room. My friend sitting next to me was... a Marxist. I turned to her and I said, "What did I say that was wrong? We are working for a world where everyone will have access to quality goods and services. Isn't that what we want?"

She said, "Gucci? You are so bourgeois. I don't think you're a real socialist."

There is nothing more uncomfortable than when someone tells you something about yourself that they know, but you do not know yet. She knew something about me that I did not know. I had the desire. I wanted to see a just world where people were able to buy quality goods and services.

Not very long after that I met up with another friend. When we were done, we walked out to the car. I saw this other car and was making fun of the free market bumper stickers that were on the back.

My friend said, "You are delightfully dumb. I'm going to take you on as a 'project' to educate."

He came to my apartment with two arms loaded with books. He threw them on my couch and said, "Read, Sirico. Just read."

So I began to read. Those books were: Friedrich Hayek's *The Road to Serfdom*; who won the Nobel Prize for economics, Milton Freedman another Nobel laureate, and Frederic Bastiat's *The Law*.

One day he said to me, "What is it that you want? What kind of society do you want? What could you do if you had one thing you could do? What would make the world better?"

I said, "A redistribution of wealth."

He said, "Ok. Let us pretend we do that. What would you do the next day, or more importantly what would these people do the next day?"

I said, "They go to their jobs, to their factories..."

"I see," he said. "I know what your confusion is now. You think most of wealth in the world is invested in the little toys that rich people have, in the one percent. You think that wealth is in their jewelry and clothing, and their boats and cars, and their houses, and their third and fourth houses?"

I said, "That's where it is."

He said, "That's a fraction of the wealth in the world. The real wealth of the world is in investments and bonds. That's the business to which people would go. You're talking about personal property. That's not what Marx meant. Personal property is the fish you have for lunch. What Marx was after was not the personal property but the private ownership of the means of production."

He wrote a whole book on it called *Das Kapital*... What's the difference between private property and capital? Private property's the fish. Capital is the net. It's the thing that produces the private property. That's what Marx was after...

When I began to read these kinds of ideas, my mind began to open. It wasn't that I came out of those conversations with different ideas. My ideals remained intact. I did not want to see people treated like Mr. and Mrs. Schneider. I wanted to see a world where people did in fact have access to quality goods and resources, however I didn't understand how to achieve that end until I began to understand a little bit about economics.

At this point I was away from the church, I was involved in the political left... but as this change began to take place, it wasn't just a change in my view of economics. This view of economics pointed me back to things that I learned in Brooklyn, not just about Mrs. Schneider. But, also the nun who stood in the classroom and taught me my first lessons about God... As I began to think about economic questions, I asked myself deeper questions. Questions not having to do with supply and demand or bell curves, but about that question that you read in Psalm 8: "Who is man that thou art mindful of him, or the son of man that thou visitest him?"

Who are we? As human beings, of what do we consist? If you don't answer that question properly, if you don't take into account the nature of human beings, you'll never fully understand economics. You'll never fully understand politics and you'll never fully understand society, because you won't fully understand yourself. This is where the religious, the theological, or the philosophical part comes into play. Therefore, it's important in studying economics to keep the human person at the center... they're a help to understand how we ought to live in this life. In order to understand how we ought to live in this life, we have to understand who we are as human beings. When I open the first page of the bible, I have a clue as to who we are as human beings. "In the beginning God made the heavens and the earth," and then the passages go on to each of the days of creation. God saw what He had made and said, "It is good."

In this biblical vision of the world, the material world is good. That's cosmology, the study of the cosmos. But there's also an anthropology that's included... In the second chapter of Genesis it describes the creation of man. It says that God formed from the dust of the earth the man and breathed into him the breath of life. The man became a living soul. Man is a composite of the heavens and the earth. The earth—the dust of the earth, the material substance—look at ourselves. That's the most obvious thing about what we are. For some of us it is more obvious than others. We're physical, corporeal beings. That, by the way, is where economics arises because what is economics? Economics is the study of the allocation of scarce resources, and that comes about because we're physical beings.

But we're also bearers of the *Imago Dei*, the image of God. We also have breathed into us the breath of life. We are transcendent beings... All you have to do is leave religion aside for a moment and contemplate yourself. What is obvious about you is your physicality...you have the capacity to transcend that physicality, when you recognize beauty, are inspired by a poem, or when you fall in love. A sense of honor, a sense of patriotism, all these things are real, but not physical. They transcend our physicality.

Animals don't experience this... Animals are physical beings. They are bound to the material world by their physicality and by their instinct. You and I are not that. We have that, but we're more than that. Animals are bound to the material world by their instinct, but humans are bound to the material world also using reason. An animal has consciousness, but an animal does not contemplate itself. Moreover, an animal does not contemplate itself contemplating itself. Human beings can do that. We can do that. And because of our capacity to use reason to think about ourselves thinking about ourselves, we have the ability to build. Beavers build dams and robins build nests, but no beaver has ever built a series of dams and rented them out to other beavers. Animals do not build civilizations.

There's something different about the human person. It is our transcendence and our capacity to reason. This reaches right to the core of economics, why the human person is the center of economic creativity, and why the human person is the reason for economic creativity.

It is that we can see resources transformed. We can imagine because of our transcendence. Because of our ability to reason, we can draw out from the material world things that exist in the material world and transform them.

Wealth does not exist in natural resources. If wealth existed in natural resources, then Africa would be rich, and Japan would be poor. Africa is laden with natural resources. But the political system in both of those regions either allow or disallow people to make use of those resources for others. For most of human life, petroleum existed as a natural resource that had no value until the invention of the combustion engine. Which is essentially the transformation of that natural resource into movement...people could place that energy at the disposal of the people. Other people said, "I have use for that, and I will trade with you something that you want, if you will trade with me what you have." That's a system. That placing of the natural resource that's been transformed at the disposal of others.

To accomplish that, we must be able to use reason and have the freedom to use that reason. To acquire things and to draw out from nature, things that can be transformed and used for human betterment. As one of the great leaders of our age said, "Man is Man's greatest resource."

It's not resources that exist that nobody knows what to do with, but it is the creative capacity of the human mind to transform those resources for human betterment.

...It's important when we think of economics that we think of the centrality of the human person. That is what introduced the whole notion of a moral sensibility. I know of no other worldview other than a biblical worldview that informs us about this... It is understanding the dignity of the human person, the right to private property, the necessity to engage in honest contracts, the rule of law. All these institutions that emerged from the West, created the freest most liberal most prosperous society that the world has ever seen.

We live in the richest society that has ever existed on this planet. The essential question is no longer, "How do we get enough?" but "How do we live in the midst of such abundance?" Virtually the whole world lives better than their previous generation, and that generation lives better than their previous generation.

We must build in the traditions that safeguard the liberty of human beings to use their reason to bring forth the wealth of nations.

We are not there yet. People still suffer. But by every demographic form of analysis people have access to more drinking water, housing, caloric intake, clothing, better medicine than ever before. It is emphatically not true that the rich are getting richer and the poor are getting poorer. What is true is that the rich are getting richer and the poor are getting richer as well.

This brings us to the question of what we do with this knowledge. How do we avoid separating the economic and material dimensions from the transcendent, the moral, and the heroic? Once again, the Judeo-Christian ethic teaches us how to integrate these things. It's not being so heavenly minded that we end up being no earthly good. We have to take into account both dimensions of our reality. To understand most particularly that we have an obligation to those who suffer injustice.

...I learned from the 1970s that it is not enough to have good intentions and a heart for the poor. It is not enough to say, "Let there be bread." It is necessary that we know how to bake bread. Moreover, that we know how to build bakeries and industries that can produce food.

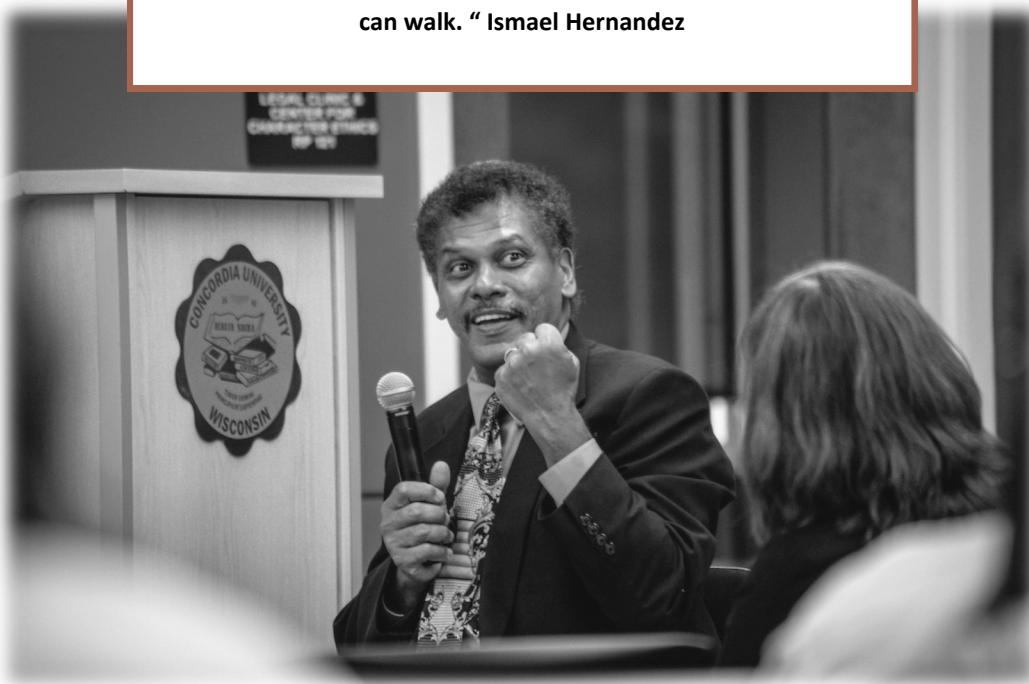
Perhaps one of the most disappointing, unromantic things I can say to you, is people do not rise out of poverty because of our charity. Charity is morally incumbent on us. Let us not think the way which people rise out of poverty is our beneficence our charity. This is accounted for not by government money being redistributed, or by all the best charities in the world, but by the unromantic notion of business. People rise out of poverty because they have access to work. They have access to work when there are businesses. There are businesses when men and women have made use of their reason and their freedom to produce the wealth of nations.

All these other people you see demonstrating calling for all kinds of redistribution of wealth who are into socialism and what they call the democratic socialist notion of what we need in this country. They are all living off the assumption that it has always been like this, it will always be like this. That they can kill the goose that lays the golden eggs. I tell you if you kill that goose, you'll also be killing every other potentially golden egg laying goose. You will kill the engine of productivity because you'll be attacking the creativity of the human person.

The first words that God spoke to the newly created human family in the Garden of Eden are words of calling: "Multiply. Fill the earth. Have dominion over creation." We are to cooperate with God in the ongoing creation of the world. We were made in the image and likeness of God endowed by our Creator with reason. Here in this time, we have been entrusted with great talents. One day we will stand before the throne of God and give account for what we've done with these talents. Whether we've simply tried to steal the gifts from other people and redistribute them, or found ways to draw out the potential of the talents that we've been given and place them at the disposal of others... By being generous not just in what we give to the people, but the information, the networking, we share with other people.

If you'll be faithful to the vocation you've been entrusted with on that day, when all the wrongs of the world will finally be made right, you will hear the voice of the Master say to you, "Well done thou good and faithful servant. Thou hast proven thyself faithful in small things. Now enter into the joys of thy master."

"We are more interested in fighting for the trail that is not in our power and we don't see the trail that is right in front of us that we can walk. " Ismael Hernandez



True Compassion and a Better Way to help the Poor, Ismael Hernandez

Transcription By Ione Hoy

This article is transcribed from a talk given by Ismael Hernandez at Concordia University Wisconsin's Liberty, Virtue, and Economics (LVE) Summit on September 19, 2019. Ismael Hernandez is the founder and president of The Freedom & Virtue Institute. The Institute exists to challenge the paternalistic, condescending, and statist way of attending the problems of poverty in America. His writings have appeared in various newspapers and Crisis Magazine, World Magazine, and the Washington Times. He is the author of the book *Not Tragically Colored: Freedom, Personhood, and the Renewal of Black America*. Ismael is an affiliate scholar at Acton Institution.

I... like to start... by telling you a little bit about myself... I was born in the 1960's in Puerto Rico into a Communist household. My father was the founding member of the Puerto Rican Communist party... My father used to tell me that America was the enemy of the human race. It was the sacred duty of all good persons to destroy America. I believed him; he was my dad ... Deep inside of me I wanted what my father was offering. It was something different, intoxicating, and it gave me the sense that we have this capacity to change the world... There are many other stories I can tell you, seeing my mother crying in the middle of the night and running out of the home to talk to men that were always inside cars parked in front of our home, and making deals. I later discovered they were FBI agents always checking on my father, and I hated them... I blamed them for the poverty of Puerto Rico in the 1960s. I blamed them for the battles between mom and dad... I joined him in fighting America and destroying liberty because capitalism was evil ...

Mom did not care about socialism, but she would sneak me and my brothers to go to mass ... "Religion is the opinion of the people that keeps you thinking of heaven while the capitalists are having a good time here and now." That is what my father used to say. So, he would not have allowed ... us to go to mass. I developed a sort of double consciousness of Marxism and Jesus. Of the Kingdom and the revolution at the same time. It was a very difficult time for me ... Even when I grew up, I went to the University of Puerto Rico to study political science because I was going to intellectually defeat America. After that, I decided ... as a good catholic and communist to join the District Jesuit Order...

This is the mid-1980s. Liberation was brewing in Central America and the District was the forefront of that influence. I was supposed to be going to school for philosophy at the University of El Salvador, right there on the border between Nicaragua and El Salvador. And you can imagine I am going to the heart of the revolution ... I was studying with the masters of liberation and theology ... Liberation and theology started ... in the universities in Europe... Then they brought these ideas and scattered them into barrios of Central America and convinced the people that this was the way. But I was not to be part of that influence.

The only thing I remember is that seven guests were murdered in El Salvador in 1987. I was going to be living in the home where they were massacred. Out of concern for us, they decided not to send us to Nicaragua. They decided to send me to Oregon in the United States, and I did not want to go to Oregon. I told them, "That is crazy. I am not going to go to the gut of the monster," as we used to call America ... so I decided to ... go back to ... Puerto Rico. Some friends of mine ... convinced me to come to America anyways to further my studies ... I landed at the University of Southern Mississippi, of all places. You can imagine this black, Puerto Rican boy, who hates America in Mississippi ... It was a real cultural shock ... At the same time, my lungs were filled with the breath of freedom when I came to America ... For the first time in my life, I had an opportunity to challenge the safe assumptions of my ideology ...

Certain things began to happen to me that are not squared with the safe assumptions of my ideology.... I knew how to intellectually understand and explain Marxism because I had never lived in the context of a different reality. Ideologies are something strange... You and I can be looking at the same reality and we will see different things... It is like a pair of glasses you put on yourself... If you take off your glasses... and grab a different pair... it is difficult, especially when you are a Marxist...

I would say the best place in the world to be a Marxist is the United States, where you can think like a Socialist; you just do not have to live like one. My family was a real Socialist, Marxist family. That was the identity... You are a drop in the great wave of revolution, and apart from that wave your life has no meaning...

Sometimes we do that with the poor... We are labeling people and making all kinds of assumptions based on that label... We do not see them as unique individuals made in the image and likeness of God with the moral capacity of self-realization. And that is what I began to discover... that there is a different way of being human. The first thing that happened to me was... I had good grades and one day they called me to the Dean's office and offered me a full internship... and I said, "This is not supposed to be happening." I hate their guts, and they are rewarding me...

I began to see they had rewarded what I had accomplished. I began to understand the connection between reward and accomplishment. That is so necessary if we are going to respect the poor... They are esteemed human beings capable of making choices for their lives...They are the most powerful antidote against their poverty... Sometimes we look at the problem, then our program, and then the poor... We instrumentalize the poor for the satisfaction of our own ego or our own emotions... but it is not supposed to be about yourself. It is supposed to be about them...We manage people's poverty, and we keep them more or less well fed, but still below independence...

Sometimes we treat the poor the way we treat our pets... You give them a bowl of food, and the pet comes every time and eats its food. And you give him a pat on his head and it makes you feel good... Get out of the business of trying to help them, because you will do more hurt than... good. You have to really believe in people.

Believe that they have what it takes to challenge themselves for a better life... You do not go there, grab the poor, and rescue them, and bring them to the promised land... It is not our job to save people. It is to be there with the one who suffers as he walks a journey that only he can walk. It is his responsibility. He is doing his calling. God has given him or her what it takes to live that life... God has given us the capacity to reason, that we can know the truth... I can put my hands in the dirt, and I can recreate my environment. I become a co-creator with God himself...

I am a proud black man too and my wife, a black Puerto Rican... from the South side of Chicago... But we also use the ideas of race and sex to be biased. My... daughter... had good grades in a good catholic school and she was accepted into a university... She was invited to the scholars' night to explore going to this university. We were so proud of her. My wife went... to the scholars' night, and... she saw a sea of black and brown. And she thought to herself, "... There are no white scholars in this university." They assumed she was common... They did not see her accomplishments... They tried to solve the problem; they missed the person. That is what happens when we attempt to help the poor the wrong way. We try to solve the problem. We miss the person. We try to fill every hole of need, but if you fill every hole of need...

Why bother getting out of poverty? I become a passive recipient of your magnanimity... You are using me, in an instrumental way, to feel good about yourself. And I remain as your dependent and I remain down...

I love this quote... "God has made us free and when the systems we have created reflect our nature, people prosper." I believe that with all my heart... What is then our nature? Our nature is to be reasonable and be creative... Imagine if you have a nonprofit ministry... and instead of telling people how you may help them... you tell them... "I am so glad to see you." "We were waiting just for you." Suddenly the person who had the need, is needed. That is changing the exercise very radically... Now you are involving them in the process of meeting their own needs. They see themselves again as able...

Another thing we should never do, is blame the poor for their poverty. We have created these systems that incentivize poverty and we blame them for responding to the systems we have created. It is because we do not create systems that reflect the nature of the human person. If you do that, people will prosper.

But what is poverty?... Lack [of something]?... This has always been my answer and that is normal... When we define poverty that way, we are defining the problem and missing the person. Because if it is lack, I have to lose what? Fill the hole of need and there will not be any more poverty. But is that what we experience? No. We experience that the lack remains, and then I... have to come again and again to fill the hole... The problem is... we are the protagonists of the story. And we have to change that exercise. We see poverty more as ... an opportunity for us than [for the] person who has the capacity to mobilize himself...

When we see poverty in that light, we change things, and more important, why do not we ask this question?... What makes me wake up in the morning and want to be engaged with the world?... You know when you see someone who is thriving. No one has to tell you. You know that person is going places. And you can see someone who... is not trying and you know... that person is going down because that person is not... mobilizing himself to take on human fulfillment. That is what human flourishing is...

I am not interested in eliminating your poverty. I am interested in you flourishing as a human being, because in that process you will find... answers to the problems of poverty...

Let me give you an example... Six years ago, I went to a massive distribution of school supplies... in the black community... I saw a sea of black and brown kids getting the free school supplies from a small gathering of white people. And I say, "I do not like this. Why is it always us on the receiving end? I want to be on the giving end." ... Why do not we make this... work for them? Why do not we make them productive, so they can be not needy?" ...We have to renew our minds to see the idea with a different pair of glasses... Opportunities are right... in front of us... We are more interested in fighting for the trail that is not in our power. And we do not see the trail that is right in front of us that we can walk...So we... see people as possibilities not as problems to be solved...

In the year 2010, we had about 46 million people who were in poverty in America... There are over 50 million now... Now do not blame the government for it... It is our fault. We have surrendered that responsibility towards each other because it is easier to connect the government to it, and then blame the government for not doing it. The government is not doing a good job, because it is not... supposed to be dealing with people because only people can love people...

Do not tell me about your existential needs... I know that you need food. I know that you need clothes... but we are more than mouths to be fed and bodies to be clothed. We are human beings that... cannot be saved by the government... This is what is happening in America... You work with welfare? Then, here is... the check. Here is the reward for your poverty...

We spend about \$900 billion a year in public alleviation in the United States from the federal government. And with the states and the nonprofits, it's about \$1.3 trillion a year in poverty alleviation, but... we have more or less the same percentage of poverty that we had 40 years ago. Obviously, money is not the answer... If a family is going to receive more help, that family has to get weaker and weaker... so more benefit comes to that family.

So, what is the incentive? To be strong or to be weak? The incentive is to become weaker. Why do not we change those incentives? Let's say that you are on welfare, and you get a job, we are going to give you more money as a reward for that accomplishment. If you keep that job for one year, more money will come your way. If... you get a two-year degree, more money. You are becoming stronger and less money is needed by you. Eventually, the money will disappear, but now you have a job, you have a degree. You do not need the system anymore. The system is incentivizing strength, instead of incentivizing weakness.

We do the same thing at our churches. They come to us... and all their needs are met by one program in our church, and then they... exit... And we do not see them anymore, we probably do not even see them on Sunday... So, we are mirroring the same, impersonal, bureaucratic ideas and concepts of democratic states... People themselves are primary...

We need to look at the poor as unique people with personhood and a point of view...

You know what Christians used to do in the 1800s when an able-bodied man came for help? They would give an axe to the person, and say, “Go out and cut some wood because we have women here who are elderly... They need wood for winter... You are going to show me whether or not you are ready to change your life, and then we will talk.”

So, they had to do something for the benefit of somebody else to demonstrate that they were ready to change. If you went... to the soup kitchen, a chef would make the food intentionally not that tasty... They wanted to keep you fed but they wanted you to hate that condition. Because that was a springboard to mobilize you to search for something better...

Let me finish with this... even school supplies, they did not appreciate... So, they did not treat them with respect... Now what they do, they join our clubs, they work in an entrepreneurial internship, earn money, and... we go at the end of the year on a massive field trip to a bank. We hand them their earnings for the year at the door. They go and open their own savings account, and now they can buy their own school supplies.

They can spend dollars and say... I earned this. This is good. Do you know what happens when we do not do that? The people begin to learn that the normal way of meeting human needs is that we stand in line, and someone else meets those needs for you... That is so horrendously against human dignity, and that is what I really wanted to communicate to you. Respect the poor... as full human beings capable of changing their lives by the choices they make. Be... present in that wonderful journey of self-realization.

The Debate Over Capitalism & Socialism-What Kind of Equality Do We Want

By Grace Hemmeke

In 1975, Margaret Thatcher gave a speech in New York regarding the growing interest in socialism in Great Britain. Many members of Parliament favored a socialistic government because it valued equality of outcome, and was seen as a solution to the bankruptcy their country was facing. Prime Minister Thatcher argued against the idea of equal outcome in her speech, saying, “You've got to balance equality with equality of opportunity. The two are entirely different. Equality is one thing. Equality of opportunity is another.” (Margaret Thatcher, 1975, para. 49)

One of the great debates in our society today is the debate concerning government intervention in the economy and in society. People examine the possibility of an American socialist economy as a solution to the poverty problems our country, just as they did in the 1970s. Socialism is still seen as a solution that would ensure an equality of outcome in the wealth of our nation and in the way the government takes care of the people. This debate between socialism and capitalism has gone so far in America that it has now made an appearance on the stage of American presidential candidates.

Socialism, simply stated, is an economic system in which the means of production are owned by the state. The socialist's goal is to create equality in both opportunity and outcome. Many people today are looking towards socialism as a solution to the issues of healthcare and housing and poverty.

In a capitalist country, the means of production are owned privately, and the state ideally does not intervene with the market forces. Capitalism does not try to create equality, but rather tries to drive businesses to create the cheapest, highest quality goods and services for consumers.

Those who support a form of socialism, or democratic socialism, argue that it will help to reduce the disparity between classes, between the rich and the poor by redistributing the wealth of the country. American values outlined in the Declaration of Independence tell the world that Americans believe all men are created equal. This does not mean that we believe all men should have equal status and wealth. Leaving the economic question of socialism aside, we must ask ourselves, do we want a population of millions, created equal and ending in what the democratic socialists call, “an equal outcome”? What will that equal outcome look like? Not what Karl Marx envisioned. The reality of the Soviet Union and its downfall is a bucket of cold water to throw on any revolutionary spark. All the equal outcome they could provide was equal poverty and bread lines.

Socialism is people asking the state to solve their problems, to house and feed and clothe and sustain them. But the state was never equipped to solve the problems of the people, it was never equipped to take care of the people in that way.

One of the major issues with the socialist school of thought is the implied heavy government control. Heavy government interference in the market in the name of Equality is a recipe for the same collapse that Soviet Russia saw. Even if a country pursues a middle path and does not completely give the means of production to the government, they may give the government too much power over the economy. In America, the Constitution specifies what power the government does and does not have. One of the powers that the government does not have is power over the economy. The economy works by itself to reach equilibrium. While there are precedents for small government stimulations, it must be understood that no economy ever recovered from a major depression or recession because the government undertook extreme interventions and policies. Instead of arguing for a socialist economy, we should put limits on the government's power to influence the economy.

Thomas Sowell explains that, “One of the great appeals of socialism, especially back when it was simply an idealistic theory without any concrete examples in the real world, was that it sought to eliminate these supposedly unnecessary charges, making things generally more affordable, especially for people with lower incomes.” (Sowell, 2007, pg. 110). The theory is that socialism will remove profits and make things more affordable because of the lower prices. The people would be able to spend less, and the businesses would be controlled by the state, which would have no need to make a profit.

But, Thomas Sowell continues, “Only after socialism went from being a theory to being an actual economic system in various countries around the world did the fact become painfully apparent that people in socialist countries had a harder time trying to afford things that most people in capitalist countries could afford with ease and took for granted.” (Sowell, 2007, pg. 110). Soviet Russia is one of the most famous historical displays of this contrast.

In Soviet Russia, the government controlled and dictated what the production managers produced and how they produced it. Because of this, those managers were able to produce the same products the same way for years. They were not forced by the consumers to change the quality of their products. Innovation was unnecessary. The government would keep them in business regardless. The manufacturers were not forced by the market to produce quality goods as efficiently as possible, so they ended up selling low quality goods which were produced at a much slower rate. The government had a monopoly on production. Without competitors, they had no reason to keep their prices low. The monopoly they will have will stop the need for innovation and will cause the rise of prices and a drop in the quality of goods. The demand will stay the same, but the government will not face any ill effects if they don’t meet the demand. Unlike a salesman who works on commission, whose life and livelihood is due almost entirely to the customer and the service he gives his customers, the government will be able to protect themselves and stay in business without needing to provide excellent service to the consumers.

It was Adam Smith who said of competition, “In general, if any branch of trade, or any division of labour, be advantageous to the public, the freer and more general the competition, it will always be the more so.” (Smith, 1776, pg. 329) When the market is free, we can see the economy improve. Competition helps businesses find better ways to produce better goods. The price level is lowered by the market as businesses compete. Consumers are given more and better products at lower levels. Then we see the free market move towards equilibrium, we see the market right itself, pull itself out of recessions. It is the competition that keeps the quality of goods high and the prices low. In a capitalist economy, the customer can choose which business to buy goods from, forcing the businesses to sell the best possible product at the lowest possible price. If enough customers stop buying from one company, that company will go out of business.

The incentive of the free market and capitalism is profit, but in order to be able to make that profit, business owners, entrepreneurs, and workers need to be able to innovate. Jeffery Dorfman, in Forbes Magazine writes, “Economic rewards …encourage businesses to invent things consumers don’t even know we need… The rewards to those who correctly guess the mood of enough consumers are sufficient to make many of them rich. This encourages innovation and enriches consumers by much more than any financial rewards to the innovators themselves.” (Dorfman, 2016, para. 5). The fear of businesses is going out of business.

While the capitalist economy must continue to compete to produce high quality, low cost goods and services in order to stay in business, the socialist economy, with its government controlled means of production, does not have that fear. Their business will continue, no matter how poorly they make their goods, or how slowly they deliver them. Go to the DMV, wait in line for a number plate or a driver’s license. That is the speed at which the government is capable of delivering goods and services. The outcome is equal, the service impossibly slow, and the customer satisfaction will never be a priority.

Capitalism is not a perfect system, but unlike socialism, it gives everyone an equal opportunity of rising out of their poverty. The equal outcome promised by socialism is unattainable because people were not created with identical talents and interests in the first place. It’s the differences that help us to create a market that can satisfy so many millions of consumers and needs. As Margaret Thatcher put it, “The pursuit of equality itself is a mirage. What’s more desirable and more practicable than the pursuit of equality is the pursuit of equality of opportunity. And opportunity means nothing unless it includes the right to be unequal and the freedom to be different. One of the reasons that we value individuals is not because they’re all the same, but because they’re all different.” (Thatcher, 1975, para. 42)

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Economic Principles of Socialism and Capitalism for Addressing Poverty

By Matthew Kaiser

Throughout life many people will never experience extreme poverty, or for that matter poverty at all. There could be many reasons for this, such as being born in a place with low poverty rates or being born into families who are affluent. Regardless of the reasons people will not experience poverty, there are people who cannot seem to escape from poverty. According to the United Nations, around ten percent of the world's population is living in extreme poverty and struggles to fulfill the most basic human needs (United Nations, n.d.). Why is extreme poverty still a problem in a world immensely more developed than in the past? Would capitalism address poverty more efficiently and better than socialism? To answer these questions there must be an understanding of the definition of poverty, classifications of the different economies, and the characteristics of socialism and capitalism.

When one thinks about poverty, one may assume that poverty just entails a lack of financial stability. People who lack income and stability will experience the effects of poverty more than those who do not. However, extreme poverty includes many variables such as hunger, malnutrition, limited access to education, social discrimination, exclusion, and poor living conditions. When these things fester together and economies fail to fix these issues, the result is extreme poverty and poor qualities of life. Though poverty can be found in most places in the world, most extreme poverty is found in developing economies.

There are three broad classifications countries can be placed into: *developed economies*, *economies in transition*, and *developing economies*. *Developed economies* are in countries that can sustain a high level of economic growth and provide economic security for its citizens. There are many ways to quantify this classification. The first way is to analyze a country's income per capita, which is a measurement for how much money is earned per person in a country. Some other ways could be looking at how industrialized a country is, general standards of living, and technical advancements. *Developed economies* will produce all these factors at much higher rates than *economies in transition* and *developing economies*.

Economies in transition are countries that are usually in a transition of a centrally planned economy, such as socialism, to some form of a market-based economy. There was a huge shift in this when the Soviet Union collapsed and lost their influence. The transition from a central planned economy to a market economy has many challenges. These economies are neither as rich and prosperous as *developed economies*, nor are they at the level of *developing economies*. It is important to understand that in these economies there is little, if any, extreme poverty, but large segments of the economy remain below poverty lines. These economies, for the most part, will experience high inflation or hyperinflation and will have a difficult time calculating GDP.

Developing economies are in countries that are not as advanced or developed as the rest of the world. There are many common characteristics found in *developing economies* such as low income per capita, dependence on exports, high rates of unemployment, and high population growth/size. There is often extreme poverty caused by many reasons such as war, political instability, social inequality, history, and natural disasters. Over the past two decades there has been significant progress in many of the world's poorest countries. According to The World Bank, "The extreme poverty rate fell from more than 50% to about 30%. Child mortality declined from nearly 14% to 7%. Access to electricity increased by 57% and the share of people using at least basic drinking water and sanitation services increased by 22% and 41%, respectively, among other results" (Barne & Wadhwa, 2019). There are significant improvements being made in the world, but there is yet to be a world with no poverty. However, this basic understanding of poverty and the different classifications of economies should help one explore whether socialism or capitalism would help in ending extreme poverty.

In a socialist system the community (and ultimately the government), rather than the individuals in a community, owns and manages property and natural resources. The ideas of socialism go back as far as Ancient Greek times when a man by the name of Thomas More drew on Platonic ideas that money should be abolished, and people should live and work communally (History.com Editors, 2019). The present-day motivations of socialism stem from the Industrial Revolution. During this time factory owners became extremely wealthy while many of the workers lived in poverty, demonstrating an expanding capitalist system.

This idea of Socialism, as seen in the Soviet Union, developed further from the ideas that Karl Marx portrayed in his work *The Communist Manifesto*. Marx's emphasis was on the new clash between capital and labor and getting rid of the class system that controls the means of production. He believed these classes used their power to exploit the labor class.

In a capitalistic system private individuals or businesses own capital goods and property. They decide when and how to produce goods. The production of goods and services are based on supply and demand in the general market, not what the government mandates. Adam Smith brought about the idea of capitalism when he argued against mercantilism. Smith also proposed the idea of an invisible hand – an idea that free markets will regulate themselves through competition, supply and demand, and self-interest – in his book *The Theory of Moral Sentiments*. There are many different variations of capitalism, but most countries have a mixed capitalistic system. This means there is some level of government regulation on businesses and production. Smith believed there should be a limited government but did see the value in having a government for education and defensive purposes.

There are many advantages and disadvantages of capitalism and socialism. Perhaps the biggest apparent advantage of socialism is that the government spreads wealth to everyone, eradicating class distinctions. The government also manages the means of production which helps to ensure private enterprises cannot exploit these means for personal gain. However, socialism also has disadvantages. One weakness lies in the fact that for this system to work there must be no corruption. This system stems from the belief that humans are generally good and will do whatever it takes to help others. There are other disadvantages of socialism such as a reduction of innovation levels, discouragement of competition, and more government spending.

Perhaps the biggest advantage of capitalism is the fact there is an immense amount of economic growth and efficiency. This causes a higher standard of living, greater exports, and the ability to produce what the markets demand. Other advantages of this system are people turning their skills into ways to make money, self-regulation, and limited government spending. However, capitalism also has disadvantages. One disadvantage is the system allows for inequality, due to being able to pass down wealth to future generations. This system also does not always allow for growth as there are recessions and high unemployment periods. For this system to grow and sustain itself, people must buy products.

So, would capitalism or socialism do a better job with eliminating extreme poverty in developing economies? This is a hard question to answer due to the many unique variables that each developing country has and no one country being fully socialist or capitalist. Perhaps one way to answer this question would be to look at the system each economy has in relation to the three classifications. Research shows many *developed economies* are closer to a capitalistic system than a socialist system. Additionally, most *developing economies* and *economies in transition* have influences in socialistic policies, which would suggest a mix of both economies would be something to consider.

Another way to answer this question would be to look at a specific developing economy, such as China. According to the World Bank, "since China began to open up and reform its economy in 1978, GDP growth has averaged almost ten percent a year, and more than 850 million people have been lifted out of poverty" (The World Bank, 2020). This would also suggest capitalism does help in the development of nations and could possibly help *developing economies*. China also has the second largest economy in the world, but their per capita income is only about a quarter of that of high-income countries. Thus, China remains a developing country with much of its people in poverty.

Regardless of how one answers this question it should be known and accepted that there is no definite answer on if socialism or capitalism would help end extreme poverty. However, the facts do suggest a mixed economy could do great things for these nations. By learning about these poor countries and thinking about what makes a nation strong, one could help in the ending of extreme poverty. There will always be some level of poverty in the world, but there can be a world with no extreme poverty. There can be a world where all humans are able to live without worrying about food, fresh water, health, and safety. It is up to people to help each other and share what they know.

"There will always be some level of poverty in the world, but there can be a world with no extreme poverty. There can be a world where all humans are able to live without worrying about food, fresh water, health, and safety. It is up to humans to help each other and share what they know."

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How Biblical Teaching Encourages Business and Profit-Seeking

By Alexandria Milot

In a broken society that seems blinded by investments and income, it is hard to understand why God still commends our efforts in making profits. Most Christians can recall the Biblical parable of the Good Samaritan. The Samaritan cared for a Jewish man, sacrificing his own wealth to help him, and expected nothing in return (Luke 10:25-37). We see this as the ultimate example of how to help others and how to use the resources that have been given to us. However, there are many examples throughout the Bible where God reveals to us his support of profit-seeking individuals and businesses.

Despite the good work done through non-profit organizations, good works can still be done by companies that aim to profit off their product or service. Before looking further into what God says about profit, one must understand its definition. Profit is defined as selling a product or service for more than the total cost for producing the product or providing the service. Profits are usually a good measure of whether a business is successful within its industry. When profits are high, investors are more likely to take an interest in a business.

As Christians we do not only care about what the world thinks about our business, but also about how God judges our actions and motives. Some people believe aiming to profit in a business venture is a self-centered practice. Profit-seeking can be viewed in a negative light simply because it benefits the individual more than the surrounding community. However, key examples are given to us by Jesus through his parables. The parables teach the importance of using our money wisely and gaining a profit, which eventually leads to a greater reward.

One example is the parable of the talents (Matthew 25:14-20). A man leaves for a journey. He gives money to his servants and entrusts them with his property. When the man returns, he finds two of his servants have multiplied their shares, but one servant has fearfully buried his talent. The man praises and rewards his “good and faithful” servants because they had made a profit from the resources they had been initially given (Matthew 25:23). Not only does God commend profit seeking, but he refers to it as a “good and faithful” act.

Earning a profit may be seen as the exploitation of others by someone who does not believe that for-profit companies are encouraged by God. Making a wrongful profit and taking advantage of consumers is certainly a practice of some, however not every company aims to do so. God calls Christians to multiply their resources and help others by providing necessary products and services, but also to wisely use their profits in turn to benefit employees and the community.

When a profit-seeking company is not corrupted by monopoly or dishonest behavior, it can be used to reflect many attributes of Christ. Such attributes include the love of others, compassion, wisdom, and vision for the future. Just as the wife in Proverbs 31 cares for her household, maidens, and the needy with the profit she makes from selling goods to merchants; profit-seeking companies and individuals are called to use their resources and profits to show God’s love and grace to the world. The world that is desperately in need of God’s grace and love.

The parable in Matthew, the Good Samaritan in Luke, and the wife referenced in Proverbs are only three examples God gives to us through his Word about business and profit-seeking. God has not given individuals and businesses financial opportunities like making a profit, so that we may bury or hide them (Matthew 25). Instead He asks us to find ways to love and help others (Luke 10). Not every profit-seeking company is perfect. Many are corrupted in various ways. As Christians we do not need to conform to business practices tainted by greed and sin to be considered successful.

As long as our eyes are set on Christ and our motives are rooted in love and wisdom, profit-seeking businesses are able to make important contributions to the community and beyond. This is exactly what God has called us to do through his word as it is written in 1 Timothy: “As for the rich in this present age, charge them not to be haughty, nor to set their hopes on the uncertainty of riches, but on God, who richly provides us with everything to enjoy. They are to do good, to be rich in good works, to be generous and ready to share, thus storing up treasure for themselves as a good foundation for the future, so that they may take hold of that which is truly life” (1 Timothy 6:17-19, ESV).

The Business of Religion

By Ebony Whitson

Jesus gave a command to spread the gospel to all nations. With the help of modern technology, the church has been able to do as it was commanded. Ministry has grown from small congregations to mega churches and large platforms such as television, online services, and media distribution. Churches now include various outreach ministries and offer extended services. There are now ATM machines in vestibules, bookstores in sanctuaries, and holy items for sale for personal use such as blessed oil and water. This expansion of the church has come with a costly price. With growth, the church has adapted to the world.

According to a 2016 article, Sherwood revealed that religion has grown significantly. Religion has a net worth of 1.2 trillion dollars, which is more than Apple and Google combined (Sherwood, 2016). With the integration of corporate business models, the church has become more of a thriving industry rather than a functional ministry. Some churches have become legal entities with models created for profit. The goal of the church is no longer focused on saving souls, but on whose ministry can outgrow the other. Mega Pastors and Bishops thrive off of a generous salary, while positions within the church are sought after for fame and power.

Tithing is the first and original form of income for the church. It is the beginning of the formation of business in the church. Tithes are the earliest recorded transaction of supporting the church (Genesis 14:20). Tithes are different from the sacrificial offering. In a sacrificial offering one can give above tithing, but general tithes focus on what the Bible states as a “tenth of one’s earnings.” In the Old Testament, tithing would consist mostly of produce and cattle (Leviticus 27:32). Most of the people in the Bible and early church were farmers. Their harvest was their income.

Our tithes and offering play a big part in the infrastructure of the church. Initially, the sacrificial offering of paying tithes was to help sustain the church and support outreach opportunities. Tithes and offerings are the first initial stream of income for the church. They are one of the very sources of misappropriated funding within. As churches grew, they sought out partnerships with local businesses to help support the church beyond the giving of the congregation. They began to form many divisions of ministry, services, and entities. Today one can find many collaborations within the church that appear to help the ministry provide more for its community and congregation. Examples include donation of school supplies, and funds for funeral expenses or medical assistance. There are also organizations like the Hunger Task Force, that help to support many of the local food pantries within the ministries. The external partnerships may help increase the reach of the church, but they also benefit them financially. In a past article presented on Christianity Today, Ted Olsen wrote about the formation of a new partnership between the Revelation Corporation of America and African American congregations in Tennessee (Olsen, 1997). This partnership is a perfect example of merging business and ministry.

The two entities Olsen referred to, created a program that was intended to be a bridge between the church and a local corporation, which would help to create more homeowners within the congregations ([Olsen, 1997](#)). Through this deal both entities stood to profit as more members took part. In another article by Shelly Branch, which was reported on CNN Money, the specifics of the deal were evaluated. Thirty percent of the profit went to the individual church or congregation, and seventy percent went to the Revelation fund for the housing program (Branch, 1996). At face value this appears to be a good deal for everyone, but not all congregations were a part of this partnership.

An article by Candace followed the Revelation Corporation when it was first introduced to all the preachers of Memphis, TN. It was during a Congress of National Black Churches, a pitch from Jon B. Lowry was introduced to the attendees as a way to “have silver, gold, and Jesus.” With so much economic influence and yet so little knowledge on how to use it, the black church community was the perfect opportunity for investors. On average the black churches raise an estimated \$11.5 billion annually which is collected from the community (Candace, 2017).

The church is seen as the positive central hub in the black community. It was the pivotal center for many social and political movements in the community. The church has a reputation for being a positive center of the neighborhood.

The black congregation has yet to be successful in business ventures for their congregations. They have untapped power to transform their neighborhoods and surrounding areas.

Candace wrote:

Black churches have the ability to transform poor black communities by simply creating jobs. With all the abandon businesses and homes, seen when driving through these communities, they could profoundly change lives. They could transform the community block by block rehabbing homes. They could open markets providing fresh fruits and vegetables to the community. They could create better schools, schools in which the curriculum is fun and challenging (Candace, 2017).

In addition to the infrastructure of the church becoming corrupt, the members of the church are targeted through giving to further its agenda for growth. In an article by John Blake of CNN on the “Sunday Morning Stick-up,” the name of God is being used in the church not to collect tithes, but everything one has to offer in hope of blessings. What he wrote was the experience of Mr. David Lee, who attended a Sunday morning church service and witnessed people not only giving money, but also their possessions to the altar (Blake, 2015). The scriptures do speak of giving to one another, but not in this way.

In Acts 2:45 after the Pentecost experience, Jesus’ followers gathered all they owned. They sold it to help those around them who were in need. This move was made by the Holy Spirit which signified selflessness, charity, and love. It was the beginning of the church that God called us to be. Today the sale of our possessions goes to the pastor’s new plane. Collections are put towards an investment of the new east wing expansion for the new “technology ministry.” In addition to the excessive offerings, churches are known for expansive giving campaigns that can generate thousands of tax-free dollars. Churches also have the option of satellite locations, whether online or in other cities to expand their reach and revenue.

Towards the end of His earthly ministry, Jesus came to the temples to find the selling of doves, cattle, and sheep for those who did not have a sacrificial offering (John 2:15). His response to these actions taking place in the temple courts was constructing a whip made from cords, driving the people out of the temple, and overthrowing their tables (Matthew 21:12). Jesus was furious with the actions of the men and scolded them for turning the House of God into a marketplace (John 2:16).

Jesus gave warning to those who had their focus on worldly gain during religious activities. Greed is a sinful and selfish monster that takes away from the church’s work of loving and supporting one another. The greed of the church is greater today than a common marketplace of animals. By selling the free gospel at a price no one can afford, those who do this stand to suffer a more severe punishment from God.

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Viewpoints on Tariffs

By Megan Wangerin

Tariffs are one topic that was explored at Concordia University Wisconsin-Mequon's first annual Liberty, Virtue, and Economics Summit. Dr. Jacobson, Dr. Watts, Dr. Mobley, who is also the village president of Thiensville, and Dr. Niederjohn, who is the Dean of the School of Business at Lakeland University took part in a panel discussing tariffs. Similarly, another panel featured industry leaders in manufacturing sectors facing tariffs impacting their operations.

The time and place when tariffs are implemented creates room for controversy, making them a continuous contemporary issue. Tariffs are a limitation to free markets due to their nature but are designed, in theory, as a political tool to help a country flourish. Throughout the Liberty, Virtue, and Economics Summit the notion of keeping the *common good* and respecting humanity was stressed. These must remain at the heart of economic decisions and policies, but seldom are in the 21st century as shown by some outcomes with recent events regarding tariffs. Tariffs are circulating media by means of information and securing of NAFTA, USMCA, politicians meandering about bringing back jobs, and the ongoing trade-war with China. Tariffs play an impactful role on the economy, impacting limitation on the "free market" around them, but are also an excellent way the notion of the *common good* can remain in place. Arguments for and against tariffs can be made including their use for diplomacy, shifts of tax burdens, national security, preservation and allocation of finite resources, and accessibility to markets.

Every individual has their own unique sets of beliefs on the ethics of limiting a free market, the way to help impoverished people, and their ideals on the running of an economy. Often, these issues are politicized. The World Trade Organization (WTO) governs tariffs and the fairness of implementation. The WTO consists of 164 members. They encompass 98% of world trade and monitor for political corruptness and pettiness. These members include ministers, ambassadors, and delegates who meet in Geneva, Switzerland. They strive to open world trade for all, acting as a forum for negotiating trade agreements and settling trade disputes between members, and supporting the needs of developing countries (World Trade Organization, 2020).

The World Trade Organization defines tariffs as custom duties on imported merchandise. Tariffs raise revenue for governments and give a price advantage to locally produced (sourced) goods over similar imported goods (World Trade Organization, 2020). Tariffs even out the playing field amongst countries that may not have ease of access to the global economy, offer protection to countries, and provide limits to markets. Sometimes they are used as a political tool to address unfair trade practices, like noncompliance with international intellectual property regulations or currency manipulation. Sometimes these limits can be good or necessary, like avoidance of ecological economic issues such as externalities and the tragedy of commons.

Economics is how a society uses their limited resources. There are finite resources on the planet and in any society. Economics studies choices consumers make and the allocation of goods and services in a market. Tariffs can limit and discourage the overuse of non-renewable resources by the barriers they create. Tariffs are taxes on any imported goods. Humans naturally are more apt towards opportunities to use another person's goods and time instead of their own, if the cost is lower. Acting on self-interest is demonstrated by use of oil and other non-renewable resources. Tariffs can force a nation to start tapping into their own resources, making them more conscientious.

The faculty panel discussed various uses of tariffs. Tariffs may be used for political purposes, for diplomacy and they can preserve certain job sectors, but they come with tradeoffs. Tariffs can be used to get another person or country to agree with something and can be used to save a certain industry, such as steel.

Historical beliefs from Adam Smith, the father of economics, were discussed amongst Dr. Niederjohn, Jacobson, and Mobley. Dr. Niederjohn pointed out that Adam Smith believed tariffs are of no use for economists. Dr. Jacobson further developed this; he believed tariffs restrict free trade and urged the need for further data collection and examination. Dr. Mobley disagreed, saying Smith was not entirely against tariffs. He pointed out they were not as bad of a sin in Smith's eyes as the labor tax. He justified this saying Smith was a tariff collector who wrote about it. Smith knew that corporations are cunning enough to weasel their way out of higher corporate taxes and wrote the Wealth of Nations to avoid the Revolution. According to Dr. Mobley, Smith was a patriot who loved his country.

Finding an optimal tax and balance to taxation is difficult. Tariffs are one way an administration can levy taxes, or as Dr. Watts showed, it is a way to preserve different job sectors.

Dr. Watts said saving some jobs for some time is a possibility that happens with tariffs, but it may jeopardize all industries such as with steel. Steel tariffs have a trickling down effect to indirect consumers of steel, which may be an unfair tradeoff to save 10,000 jobs. Dr. Mobley mentioned, there are such things as over trade and specializing, indicating that certain industries may need to be preserved. He believed preservation of some jobs may be necessary to keep certain industries alive and well, especially those that maintain national security and defense, as in the case of steel.

Like anything, markets and economic policies must be skillfully crafted to avoid extremes. Tariffs may help even out playing fields for trade in developing nations as pointed out by the WTO, or to address unfair trade practices. However, they may do more harm than good in more developed countries. Whatever economic policies utilized in a nation must keep the *common good* as its central goal.

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