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Christian Ethics and the Teaching of Introductory Economics

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Nearly one million post-secondary students take an introductory economics course each year in the United States. The current mainstream introductory economics textbooks do a fine job of presenting the technical and conceptual frameworks that underlie the economic success of the market system. While ostensibly confined to analysis of the "positive" dimensions of economics, in fact, the top-selling introductory textbooks cite an extensive array of ethical issues and, in so doing, provide ample opportunity for instructors to introduce serious consideration of ethical issues. Grappling with ethical issues will return substance, relevance, and excitement to the learning of economics. Christian instructors, in particular, can (and must) bring to this discussion clear, theologically grounded, ethical principles for economic life.

Introduction

Nearly one million introductory economics textbooks are sold annually in the United States alone.[1] For most students the introductory course represents their primary exposure to economic theory and thinking. All the best-selling texts, using the "positive-normative" disclaimer, purport to be value-free and present an intellectual framework that simply describes how self-interested economic agents act. Students are then left with the impression that economics and ethics are necessarily distinct disciplines (which, of course, would please Lionel Robbins). In fact, the mainstream economics presented in the leading textbooks rests upon explicit ethical positions, which are frequently antithetical to basic Christian theology and ethics.

As stated by Douglas Vickers, for a "Christian economist" it is appropriate that the adjective is as important as the noun.[2] Is it acceptable to Christian economists that millions of students carry the ethical framework of mainstream economics into their careers in business, journalism, public service, and even Christian ministry? Research has shown that, compared to other students, economics majors are significantly more likely to disregard the well-being of others, to be unconcerned with fairness in decision-making, and to "look out for number one." Even more disturbing, however, is that these attitudes are not simply a result of self-selection by major. Preliminary evidence indicates that training in economics plays a causal role. Students completing an introductory course in mainstream economics were far more likely to be less honest at the semester's end than were students completing a course in astronomy.[3] As Samuelson and Nordhaus say in their best-selling principles textbook: "After you have studied and learned a body of economic principles, you comprehend reality in a new and different way."[4]

If Christ is the Lord of life, then compartmentalizing economics and Christian thought is not permissible. As economists, Christians are to work to bring societal structures "into closer conformity with the scripturally articulated perceptive will of God."[5] We are called by God to stand against injustice, to be concerned for the poor, to preserve the dignity of the individual, to be stewards of God's creation, to avoid the idolatry of materialism, and to support community through loving our neighbor.

Herman Dooyeweerd and the neo-Calvinists aside, God's call does not require the devolution of a separate school of economic thought—namely, a Christian economics. As argued in the next section, our current economic theories and models have delivered handsomely in many aspects of economic well-being. Moreover, the estimated impact on GDP of a 10-percent cut in personal income taxes is a technical issue that may be handled equivalently by Christians and non-Christians. However, despite claims to the contrary, mainstream economics and its applications are riddled with ethical assumptions and issues. What, for example, will the impact of the personal income-tax cut be on the distribution of income? On social services? Does higher GDP equate to increased societal well-being? The third section of the paper presents evidence on the substantial incidence of ethical issues in leading introductory economics textbooks. This incidence provides opportunities to engage students in discussion of these issues.

The job for the Christian economist, then, is the "application of biblical precepts and insights to the study of economics."[6] A starting point is the articulation of a theological framework to be applied to a range of economic concepts and issues. Section four of this article proposes such a framework based upon the work of various Christian scholars. The theological framework provides the boundaries within which Christian ethics (Christian social principles[7]) in economics can be expressed. These principles are then enumerated in section five. Given the foundation of a theological framework and a derivative Christian ethics, section six hypothesizes that the most effective vehicle for reaching the majority of students is a supplemental textbook on the application of

Christian ethics in economics, to be used with a standard introductory economics textbook. The structure and format for such a supplemental text are briefly discussed. Alternatively, ample books and journals are currently available from which instructors can extract solid scholarly applications of Christian ethics to captivating economic issues (e.g., Third-world debt relief, biblical views on dealing with poverty, and so forth).

The article concludes simply. The current mainstream principles textbooks provide ample opportunity for instructors to introduce the discussion of ethics, even in a secular, “value-free” institution. Grappling with these many ethical issues will return substance, relevance, and excitement to the learning of economics, and perhaps reverse the long decline in the population of economics majors. Christians, in particular, must incorporate the consideration of ethics in their teaching of introductory economics. Christians are mandated by God to present biblical truth to a lost world and, should we fail to do so, the consequences are dire: “They shall die for their sin, and their righteous deeds that they have done shall not be remembered: but their blood I (God) will require at your hand” (Ezek. 3:20).

Economists: Hold Your Head Up!

Other than lawyers, no other profession provides more fodder for jokes than economics. There is even a Web site dedicated to poking fun at economists—and a darn funny one at that! Despite all the good humor, however, increasingly over the past few decades, mainstream market economics on both the macro and micro levels has substantially improved economic conditions.

Take the United States as an example; there has been remarkable improvement in the stability, composition, and volatility of the business cycle. As shown in Table 1, the length of the average business cycle has increased steadily from 40 months (during the period from 1885 to 1912) to 61 months (since 1945). The expansion following the November 1982 trough lasted 100 months, and the current expansion has continued over 99 months. The average contraction has fallen from 17 months during the years 1885 to 1912 to 11 months since 1945, and the contraction as a percent of the business cycle fell from 42 percent to 18 percent. The most recent contraction was 8 percent of the 1982-1991 business cycle.

TABLE 1
DURATION OF THE BUSINESS CYCLE

PERIOD	NUMBER OF CYCLES	LENGTH OF EXPANSION (MONTHS)	LENGTH OF CONTRACTION (MONTHS)	TOTAL	PERCENT OF CONTRACTION
1846-1885	8	32	27	59	45
1885-1912	8	23	17	40	42
1912-1945	8	33	17	51	47
1945-1991	9	50	11	61	18

Source: Duane B. Oyen and Michael Knetter, *Business Fluctuations and Forecasting* (Dearborn, Mich.: Dearborn Financial Publishing, Inc., 1991), 95; and the U.S. Department of Commerce, Bureau of Economic Analysis

The amplitude of the business cycle, as evidenced in Table 2, has also changed for the better. The swings from peak to trough and trough to peak in total production and total employment have all declined. This reduced volatility dampens the disruptive economic effects of the business cycle. Since the early 1980s, the unemployment rate has also been reduced from a high of 9.7 percent to 4.5 percent in 1998, and inflation (as measured by the GDP deflator) has dropped from a high of 9.6 percent to 1.0 percent in 1998.

TABLE 2
AMPLITUDE OF THE BUSINESS CYCLE

PERIOD	EXPANSION OF PRODUCTION (%)	EXPANSION OF EMPLOYMENT (%)	DECLINE IN PRODUCTION (%)	DECLINE IN EMPLOYMENT (%)
1885-1945	53	25	-22	-14
1945-1991	35	16	-10	-3

Source: Duane B. Oyen and Michael Knetter, *Business Fluctuations and Forecasting* (Dearborn, Mich.: Dearborn Financial Publishing, Inc., 1991), 95; the U.S. Department of Commerce, Bureau of Economic Analysis; and the U.S. Department of Labor, Bureau of Labor Statistics

Certainly, sound macroeconomic policy cannot account for all of these improvements. The structural shift from manufacturing to services, for example, has been a factor, along with stable oil prices and rapidly changing information technology. Nevertheless, those countries adhering to mainstream neoclassical macroeconomic policy have, over the long run, experienced steady economic growth, relatively full employment, and stable prices. Research shows that higher levels of trade protection in developing nations generally result in slower economic growth.[8] When the majority of countries are ranked by their degree of economic freedom (encompassing measures of personal choice, protection of private property, and freedom of exchange), the highest growth rates in, and levels of, per capita GDP are experienced by those countries with high economic freedom ratings. Countries in which economic freedom is on the rise experience high per capita GDP growth rates, and countries where economic freedom is declining experience falling levels of per capita GDP.[9]

There are also many successful examples of microeconomic applications. In the United States, the relatively free-market economy has dramatically reduced the real cost of living. Since the turn of the century, the share of household income spent on food, clothing, and shelter has dropped from 76 percent to 38 percent. The income share spent on food went from 46 percent to just 14 percent, and clothing, from 15 to 5 percent. The share going to shelter rose from 15 to 18 percent, yet between 1920 and 1996 the price per square foot of a new home in terms of the average wage for non-supervisory workers fell from 7.8 hours to 5.6 hours. Today over 90 percent of new homes have insulation in the walls, a range, a dishwasher, a garbage disposal, and two or more bathrooms. Eighty-seven percent have three or more bedrooms, 86 percent have a garage, and 81 percent have central heat and air conditioning.[10]

In recent decades the deregulation of the airlines has led to a decline in real prices for tickets, an increase in areas served, and continued improvements in safety. Following deregulation, real trucking and railroad freight rates dropped by about one-half. A drop in real prices also accompanied the deregulation of the oil and telecommunications industries. Higher prices and reduced barriers to entry led to increased supply, demand for substitutes, and use of complements and technology to make consumption more efficient. Rampant price discrimination has allowed the airlines to increase their penetration across market segments with varying price elasticities of demand, to decrease the empty seats per flight, and to shift passenger demand to non-peak periods. Economies of scale and scope, a decrease in the learning curve, and patent-protected technology, together with an international division of labor, have made microcomputers affordable to the average working-class household. In addition, telecommunications capabilities have allowed programmers living in Bangalore, India, to be trained in writing computer code for firms in the United States.

As companies increasingly target the tastes and preferences of individual consumers, there has been an explosion of choice in the United States marketplace. Since the early 1970s, the number of television channels has gone from 5 to 185; vehicle models, from 140 to 260; vehicle styles, from 654 to 1,212; airports, from 11,261 to 18,292; new book titles, from 40,530 to 77,446; and over-the-counter pain relievers, from 17 to 141. "The U. S. market offers 7,563 prescription drugs, 3,000 beers, 1,174 amusement parks, 340 kinds of breakfast cereal, and 50 brands of bottled water. Whole milk sits on the supermarket shelf beside skim milk, half-percent, 1 percent, 2 percent, lactose-reduced, hormone-free, chocolate, buttermilk, and milk with a shelf life of six months."[11]

Despite its imperfections, the technical infrastructure of mainstream market economics has proven its worth as a body of knowledge. Ignoring or glossing over the existence of serious ethical issues, however, leaves the market mechanism fundamentally disabled.

The Textbooks Are Not All Positive!

A simple procedure has been used to test the hypothesis that mainstream economics is saddled with ethical issues. First, an inventory of the majority of ethical issues of mainstream economics was compiled from Douglas Vickers's recent book, *Economics and Ethics*.[12] Ten top-selling introductory principles of economics textbooks[13] were then examined, and the incidence of Vickers's ethical issues recorded. The results are found in Table 3, with the percentage of textbooks citing the particular issue placed in parentheses at the end of each issue listed. (Due to its length, Table 3 will appear in an appendix at the conclusion of the article. Its results, however, are discussed below.) Table 4 contains a listing of ethical issues not cited by Vickers but found in one or more of the ten textbooks.

The ethical issues raised by Vickers appear to fall into three broad categories. The first are issues cited either in all ten introductory textbooks or in the majority of textbooks. Most of these frequently cited issues are of significant ethical import, and students will certainly benefit from grappling with them (e.g., discrimination, the "fairness" of inheritance, pollution, market concentration and the exploitation of consumers and suppliers, the distribution of resources between the private and public sectors, the principal-agent issue, the limitations of GDP as a measure of societal well-being, and the morality of private property rights). Of course, many of the issues are noted only in passing and then ignored in the technical analysis. All the textbooks, for example, acknowledge that pursuit of self-interest may extend beyond material objects and sensual pleasures, but only one shows how social, cultural, and historical values play a role in economics. Nonetheless, each of the authors in this category has opened the door to more substantive discussions of the ethical aspects of economics. Thus, by assigning the textbooks in this category, the instructor cannot be accused of implementing a "hidden agenda" because she or he would be merely extending the consideration of issues already introduced by the textbook.

The second category is comprised of those ethical issues that receive mention in at least one textbook but not in the majority of those surveyed. Once again, these are issues where serious discussion may lead students to more solid ethical and economic ground. For example, since it is impossible to hold constant the contribution of all inputs to production, the question naturally arises whether workers can ever be paid for their true contribution to production. Since labor endures the risks of changing market conditions, should labor not share in a company's profits? How can poverty be alleviated in a manner that preserves human dignity, while simultaneously preserving incentives for individual responsibility and participation in productive activity? What constitutes usury? What is an acceptable balance between individuality and commitment to community? Should economic growth be curbed if it entails ethical losses?

The third category consists of issues that receive no mention at all in the textbooks. Many of the issues in this category are central to the Christian worldview and to Christian conduct but violate the politically correct position of moral relativism. These issues include human sinfulness; the impact of the market system on community; the ground of morality in the existence of God and transcendent values; the importance of charity; the requirement of honesty; the unacceptability of all ends and any means (even if the means are efficient); the prohibition against envy, hatred, greed; and the sanctity of life. Although these issues are not discussed in the textbooks, many of them can be raised by an instructor under the guise of their implications for economic life. What, for example, happens to transaction costs and total economic output in the absence of honesty in weights and measures? In contracts? Why should child pornography not be treated like any other "free" market? Why should persons who will cost an economy more than they will contribute (e.g., the elderly suffering from Alzheimer's, or malformed, crippled fetuses, or severely retarded adults) not be terminated with dignity?

Finally, as additional "discussion starters," the supply of ethical issues in introductory economic textbooks extends beyond those covered by Vickers in Table 4.

Table 4

Additional Ethical Issues Cited in Introductory Textbooks

GOVERNMENT
Lotteries
Discouraged Workers
Social Costs of Unemployment (e.g., separation, divorce, depression)
Welfare Reform
The Marriage Tax
Exploitation of Dependents
Regulation: creative response, capture hypothesis
Auto Safety Regulations
Drunk Driving

Social Regulation: concern for the conditions under which goods and services are produced, the impact of production on society, and the physical quantities of goods
Government Promotion of Industry: low-interest loans, loan guarantees, favorable tax treatment, R&D subsidies, antitrust immunity, and protection against foreign competition
Resale Price Maintenance
Beggar Thy Neighbor
Political Corruption and Bribery
Relationship Between Income and Political Influence
Short Time Horizon of Politicians
School Vouchers
Special Drawing Rights

INTERNATIONAL
Global Income Disparity
International Trade Restrictions (e.g., tariffs, import quotas)
Effect of Import Restrictions on Low-Income Households
Costs and Benefits of Immigration
Dumping
Land Reform
The Caste System
Population Control

MICROECONOMIC ISSUES
Health Care: limited access, the uninsured, the quality and value of life
Human Organ Markets
Baby Markets
Ticket Scalping
Black Markets (underground economy)
Meritocracy
Downsizing, Outsourcing
Tort System (liability rules and lawsuits)
Moral Hazards
Adverse Selection Problems
Asymmetric Information in Market Transactions
No-Fault Divorce
Comparable Worth

A Theological Framework

Christian theology—the study of God (*theos*—God, *logos*—discourse) from the perspective of historic Christianity—logically functions as the basis for Christian ethics. While it is instructive for students to see the application of Christian ethics to particular economic issues, the ultimate objective, from the perspective of Christian higher education, is for students to develop the capacity to grapple with the ethical aspects of any economic issue. This is accomplished best by providing students with a well-defined framework for analysis of these issues. Most works that integrate Christianity and economics, unfortunately, commingle theology and ethics, and thus fail to provide a clear analytical framework. One notable exception, however, is Donald Hay's *Economics Today*.[14]

The following brief paragraphs proposes a theological framework for analyzing ethical issues in economics. The framework starts with the foundation developed by Hay, which is then reinforced and supplemented by the insights of other scholars. Scripture and orthodox Christian doctrine comprise the foundation of the framework, even though it is not always clear how to distinguish ethics from theology.

One God. "Hear, O Israel, the Lord our God, the Lord is One!" (Deut. 6:4).[15] Humans are to worship God and God alone. Idolatry is strictly forbidden. We are to obey the Decalogue, which contains God's objective, universal, and transcendent moral prescriptions for the human race. There is truth, and we will be judged according to God's revealed will.

Creation, Man. God breathes life into humankind and gives it free will. Humanity is given the ability to make choices but is responsible for the choices made. Humankind is given the intellectual capacity to understand and utilize the order of creation.

Creation, The Earth. God creates the earth and gives humanity stewardship rights over it. Humans are "to work the earth and take care of it" (Gen. 2:15). God mandates human stewardship and ethical responsibility for the "need-satisfying resources inherent in created reality."[16]

The Fall and Judgment. Even when all needs are satisfied, human beings are restless and subject to various temptations, the most basic of which is the desire to be like God, to exist forever, and to have complete knowledge. As a result of Adam and Eve's sin in the Garden of Eden, humankind now lives in a broken world filled with greed, lust, fear, injustice, disease, and natural disasters. The entrance of sin into the world likewise introduces distortion into human relationships and fellowship with God. Though Adam and Eve worked and cultivated the Garden before the Fall, human work thereafter would "involve an element of struggle and domination."[17] Human beings now search relentlessly for security through material possessions, control of nature, and power over others.

The Covenant with Noah. Though the "imagination of man's heart is evil from his youth," God vows to never "again destroy every living thing" (Gen. 8:21). In this way, then, grace is extended to all of humanity "regardless of their spiritual standing before God."[18]

The Covenant with Israel. In the covenant with the people of Israel, God provides the Law and the assurance that obedience to it will bring spiritual and material prosperity while disobedience will bring punishment. The Law provides guidelines for the structure of society (including the state), the division of land, the pattern of work, lending and borrowing, charity (including tithing), the treatment of the poor, and the administration of justice.[19]

The New Covenant. God's original covenant to Israel is now extended to all of humanity. Based upon Jesus' ministry, death, and resurrection,[20] the new covenant enables the fellowship between sinful humanity and God to be re-established through the grace of Christ and the communion of the Holy Spirit. Christ lived and died for all. While the new covenant does not abolish the Law, it requires human beings to go beyond the Law in terms of their actions and motivations. If humans maintain the priority of seeking God's kingdom and righteousness, then they need not worry about their lives, bodies, food, or clothing. While work, sacrifice, and death are inescapable realities, the Spirit ensures joy, peace, and contentment. Individual Christians are instructed to form loving communities called churches to worship, teach, and support one another.

The Apocalypse. With the final victory at Christ's return, humanity's struggle for physical survival will cease. Babylon, once the epitome of commerce, whose merchants were the envy of the world, will finally be defeated. The city, which made plans to build a tower reaching to the heavens to extend its reputation, will be no more. This marks the final defeat of sin, evil, and decay, and ushers in the shalom of the new creation.[21]

In the next section, these biblical themes will be used as the foundation for a set of Christian social principles that may be applied to economic life.

Ethical Principles for Economic Life[22]

The implications of these theological themes for Christian economic conduct are both plentiful and profitable. As with the theological themes enumerated above, the ethical principles below have been drawn principally from Hay but also from the work of other scholars (particularly Beisner,[23] Blank,[24] Meeks,[25] Novak,[26] Sider,[27] Vickers,[28] and Wogaman[29]).

Personal Life. Christians are to have a personal relationship with God through Jesus Christ and the Holy Spirit. They are to acknowledge, worship, praise, and submit to God.

Community. Christians are to love God and neighbor. We have mutual responsibilities to each other, and "our economic life must recognize this common humanity, providing opportunities to serve God and to serve other human beings.... God's household becomes our household, and there are no longer any strangers among us."[30] Every human life is sacred and worthy of respect.

The worship of God is a community activity (*ecclesia*). Christians are to support the church with their presence, prayers, service, and gifts.

Christians are to tithe to support the church and the needy, and to practice justice, mercy, and faithfulness (Matt. 23:23).

God has endowed individuals with different talents and skills, which, in turn, require work to be a cooperative venture (individuals joining together in a common task). Market-based institutions should facilitate the exercise and development of an individual's talent and reward the person appropriately. Economic egalitarianism is thereby ruled out.

God intends the family and the church to be the primary institutions for the spiritual and economic nurturing of persons.

Stewardship. Everything belongs to God. ("God is the Creator and Sustainer of all life. He has made all things and intends them to be used to his glory."[31]) While human beings are given dominion over the created order to provide for their physical needs, they are also accountable to God for their stewardship (use and allocation) of those natural resources. This responsibility has both an individual and a collective dimension (seen, for example, in government, schools, businesses, families, and so forth).

Persons are accountable to God for the stewardship of their individual talents and resources.

"Humans are called to be co-creators with God, bringing forth the potentialities the Creator has hidden … they (are) to be inventive, prudent, farseeing, hardworking—in order to realize by their obedience to God's call the building up and perfecting of God's kingdom on earth … to labor for human progress."[32]

The Distribution of Goods and Wealth. "Every person has a right to share in God's provision for mankind for their basic needs of food, clothing, and shelter. These needs are to be met primarily by productive work."[33] Every person should have access to the resources necessary for life and should be ensured the opportunity to participate in the economy. Charity is obliged toward those in need, because of our moral obligation to care for the poor, the widow, and the stranger.

Humans are to find security in God rather than in material possessions. We are to seek first the kingdom of God.

Wealth is not anathema to God. The generation of wealth allows the standard of human well-being to be raised, and, furthermore, is a fundamental requirement for charity. However, wealth can also lead to idolatry, as in the problem of consumerism.

Covetousness (or greed) is sin. Conspicuous consumption is to be avoided. Self-indulgent, pleasure-oriented hedonism is sinful.

While individual ownership of property is necessary for stewardship, no individual or institution can maintain a perpetual right to property, since everything ultimately belongs to God.

Work. Human beings have both a right and an obligation to work. If the right to work is to be meaningful, the economy must be generating jobs (ideally, with multiple possibilities of employment and reward). Opportunities to work should not be obstructed by discrimination. The obligation to work derives from the cultural mandate to subdue and conquer (Gen. 1:28–31). If a person is able to work, he or she must do so.

God hates sloth. We are to work as if we were employed by the Lord himself. Workacholism, however, is a form of idolatry.

Neither workers nor employers, suppliers, consumers, borrowers, or lenders are to be exploited.

Justice. God requires that we recognize and protect the sanctity and rights of the individual, human dignity, and freedom.[34] Persons are to be treated equitably.

God is on the side of the poor, the weak, and the oppressed, and desires his people to fight economic injustice.

Forgiveness and mercy are to characterize our relationships.

Final judgment is God's alone.

Liberty is the freedom to do what is right. "Any economic system that attempts to force acts of love, such as charitable giving, violates the true nature of love and so commits injustice … charitable giving cannot be compelled."[35]

Contracts and commitments are to be honored.[36] God desires commutative justice (e.g., prices are not just when either fraud or coercion figures in their determination).

The State. Because human beings are steeped in sin and the human heart is desperately wicked, the coercive power of the state is necessary for the administration of justice, for protection against aggression, and for the provision of public goods. For the same reason, concentration of civil (and economic) power should be diffused through checks and balances, while undifferentiated freedom in economic affairs is to be rejected. "We are sinners, and our economic life always shows it."[37]

Christians, like all citizens, have civic responsibilities, but as citizens of God's kingdom they must not neglect the requirements of truth, morality, and justice in the public realm. Civil authorities are to be obeyed unless—or until—they oppose God's law.[38]

What Is Needed?

The argument that economics is a pure science divorced from ethics is a relatively new and, in fact, minority position in the scholarly literature. Beginning with Moses and the Hebrew prophets—as well as Plato and Aristotle, the early Christian church, the medieval Scholastics, the Protestant Reformers, the Physiocrats, David Hume, Adam Smith, and the majority of classical economists—economic issues were always contextualized within an ethical framework.[39] The ethical issues encompassed wealth *and* welfare, poverty *and* charity, growth *and* justice, individualism *and* community. Moreover, throughout the twentieth century, but particularly during the last three decades, there has been a steady stream of books and articles by Christian scholars analyzing the relationship between economics and ethics.

Given the size, scope, and quality of the scholarly output on issues related to the disciplines of economics and ethics, why are ethical questions so underrepresented in mainstream economics today, and why are economics majors so uninformed about them? At least four reasons come to mind as possible explanations. First, given the success and attractiveness of the natural sciences, the swing of the pendulum in economics toward a pure, "objective," predictive science had to run its course. The zenith occurred with the triumph of the mathematical economists and the rise of econometric method during the 1950s and 1960s.[40] The air began to leak from the balloon with the failure of econometrics to anticipate and explain the stagflation of the late 1970s, and with the unrelenting reality that increased mathematical sophistication and data analysis, but did nothing to reduce predictive error. (*Ceteris paribus* is a cruel mistress….)

Second, ethical concerns have been displaced as the technical material to be covered in an introductory economics course has risen dramatically. Can a student, for example, claim to have a working knowledge of economics without understanding the basic logic of price elasticity and its relationship to total revenues? The government multiplier? The equilibrium effects of externalities? The mechanics of exchange-rate systems? Aside from such quantitatively gifted students as engineering majors, the average person does not easily master these concepts. It takes time, both in and outside of class, to climb the technical learning curve. Consequently, courses on the history of economic thought, where students typically encounter the ethical dialogue behind current mainstream economics, have been eliminated as core requirements in most economic curricula. This displacement of ethics has been compounded by the recent victory of open-market economies over Communist and many Socialist economic systems. In the past, when students could not ignore the arguments of Marx and the major socialists, it forced them to wrestle philosophically and ethically with the tension between the individual and the community (the collective).

Third, the past four decades have seen the ascendancy of moral relativism in the public square. Under this system, the only absolute value is that there are no absolute values. Such an environment not only makes the discussion of ethics politically incorrect but renders it futile. Since any pattern of behavior can be rationalized, it no longer matters whether conduct is a product of the Holy Spirit.

Finally, for the average economics major, the barriers to sorting through the complexity of ethical issues have simply been too high. Despite their substantive output, however, many Christian scholars have been preaching to the choir.[41] Christian scholars frequently refer to Arrow's impossibility theorem, Rawls's theory of justice, non-transitive preference orderings, and Pareto-optimal trading points. Powerful insights are hidden behind "two-dollar" promotion and tenure words such as *hermeneutics, eschatology, epistemology, consequentialism*, and *deontology*. In his second epistle to the Corinthians, Paul states: "For we write you nothing other than what you can read and also understand: I hope you will understand until the end—as you have already understood in part—that on the day of the Lord Jesus we are your boast even as you are our boast" (1:13–14).

One mechanism enabling students to begin the process of integrating ethics and economics would be to develop a "readable" textbook that supplements the many fine introductory economics texts currently on the market. This supplemental textbook would first review the range of ethical discussion in the history of economics. Next, it would present an expanded version of the theological framework and derivative Christian social principles described above. The remainder of the book would consist of relatively short chapters covering the ethical aspects of various economic assumptions (e.g., whether the pursuit of self-interest enhances public welfare) and topics, focusing on "real-world" applications. Keeping with the structure of introductory textbooks, the chapters would be grouped under the major headings of (1) an introduction to economics, (2) macroeconomic issues, (3) microeconomic issues, and (4) international economics. This format would enable instructors to focus on the ethical issues best suited to their course syllabus and the assigned readings from the textbook. The supplemental text would avoid professional jargon and use only terminology covered in the principles textbook (e.g., *economic efficiency, diminishing marginal utility*, and so forth).

Alternatively, by employing a theological framework and derivative Christian social principles similar to those presented above, instructors could either construct their own positions on various ethical issues and/or have students read relevant application-oriented articles. Appropriate articles may be drawn from an anthology such as *On Moral Business: Classical and Contemporary Resources for Ethics in Economic Life*,[42] a chapter from Larry Burkett's *Business By the Book: The Complete Guide of Biblical Principles for Business Men and Women*,[43] or from journals such as *Markets & Morality*, the *Journal of the Association of Christian Economists*, or the *Journal of Biblical Integration in Business*.

Conclusion

The current mainstream textbooks do a fine job of presenting the technical and conceptual frameworks underlying the economic success of the market system. Despite criticisms to the contrary, these textbooks also cite a range of ethical issues and thereby provide ample opportunity for instructors to introduce serious consideration of ethical issues through class discussion and supplemental readings, even in a secular, "value-free" environment. Grappling with ethical issues will return substance, relevance, and excitement to the learning of economics, and may even reverse the long decline in the population of economics majors, who want more than technical "solutions" to individual and collective decisions. Frank discussion of ethical issues will counter the standard impression that mainstream economics promotes a worldview of unconstrained self-interest. Such an impression of mainstream economics has led many social ethicists to reject the obvious material and democratic benefits introduced by the market system.

Christian instructors must incorporate treatment of ethical issues into their introductory economics courses. Christians are called to present God's truth to a lost world, should we fail in our task, as noted above, the consequences may be dire. The Bible, supplemented by theological reflection over nearly two millennia, provides clear standards of conduct in many areas of economic behavior, enlarges our vision for future possibilities, and creates space for empirical research and ethical reflection guided by the Holy Spirit.

Appendix

Table 3

An Inventory of Vickers's Ethical Issues in Economics

SELF-INTEREST

· Enlightened self-interest operates in the public interest … resulting in socially responsible or acceptable actions and outcomes (80%)

· Fallacy of composition (Buchanan—the cumulative result of a series of just actions must itself be just) applied to self-interest (60%)

· Hedonistic criteria of pleasure (Bentham) (50%)

· Economic society is subject to all the defects of fallen human nature … selfishness, cruelty, greed, lust, discrimination, and exploitation abound (0%)

· Market system may develop human traits of independence, industriousness, imagination, and self-discipline; might also develop avarice, greed, duplicity, and insensitivity to others (0%)

· Gains in output may be accompanied by ethical losses (20%)
· Loss of community in the market system (0%)
· Allegiance to group or class interest acknowledged (Becker) (40%)
· Tension between individuality and solidarity (10%)
· Smith's general goodwill and human sympathy (10%)
· Deontological or axiological rather than just consequential (teleological) (90%)
· Acknowledgment that some sense of duty or obligation might determine behavior (100%)

NORMATIVE ASSUMPTIONS OF THE EFFICIENCY OF PERFECTLY COMPETITIVE MARKETS
· Firms always maximize profits (40%)
· Maximization in the short run or the longer run (70%)
· Joint stock corporation—separation of ownership from management (70%)
· Management's objectives may be maximization of their own lifetime incomes, achievement of power, prestige, socio-economic influence (60%)
· Management's consideration of the interests of the workforce, the stockholders, or wider social and economic welfare (40%)
· Convergence of risk preferences between management and shareholders through trading of common stock (20%)
· Management's fiduciary responsibility to providers of debt capital (20%)
· Insider trading (10%)
· Industrial production costs affected by attitudes toward quality control, possibly defective workmanship, and other aspects of ethical obligations, responsibility, and accountability (20%)
· Maximizing behavior by individuals (100%)
· Stable preferences (30%)
· *Ex ante*, well-defined preference orderings (10%)
· Autonomy of the individual (60%)
· Individual ethics influenced by market forces (0%)
· Contrary to the neoclassical postulate of autonomous and exogenous market participants, individuals are formed, as to their epistemic status and economic characteristics, by their participation in the market process itself (0%)
· Individuals make markets, and markets make individuals (10%)
· The "other" orientation of the individual (30%)
· Smith's general goodwill and human sympathy (10%)
· The interdependence of preferences and the conflict of rights that may follow from the expression of those preferences (e.g., abortion rights versus preference autonomy) (0%)
· Sen's commitment and sympathy (0%)
· The distribution of income influences individuals' concepts of attainable levels of satisfaction (10%)
· It is not true that possessing more material goods, or a higher level of GDP, implies a higher level of welfare (i.e., limitations of GDP as an overall measure of well-being) (100%)
· Optimal information (50%)
· Advertising and promotion (100%)
· *Ceteris paribus* (100%)
· Little market stability—no logical basis for summation of individual desires, preferences, or intentions into a market demand curve … inconsistent and irreconcilable (0%)
· MP measures the social contributions of factors (90%)
· To define and measure MPL one must hold all other factors constant … not possible (30%)

· Wage rate in part determined exogenously by the distribution of bargaining power between the employer and the employed (cf., Distribution) (80%)
· Under conditions of full employment, labor bargaining power is increased (10%)
· Labor market discrimination (90%)

USURY (LOAN SHARKS) (40%)

CONSPICUOUS CONSUMPTION (GALBRAITH, VEBLEN) (30%)

PRESERVATION OF THE STATUS QUO
· An apologia for capitalism and its class interests (10%)

FULL EMPLOYMENT
· What constitutes full employment? (100%)
· Does the economy tend toward full employment? (100%)
· Underutilization of an economy's resources (100%)
· Allocation of resources to consumption or saving (100%)
· No necessary correlation exists between economic justice and economic efficiency (90%).

HONESTY AND INTEGRITY
· Effect on transaction costs (0%)
· Not telling the truth, not keeping a promise (0%)
· Adam Smith skeptical with respect to human nature and ability to adhere to honesty and integrity (60%)

INTERDEPENDENCE OF LEGAL, CULTURAL, POLITICAL, AND ECONOMIC INFLUENCES (0%)

VALUE-NEUTRAL MEANS
· The means employed determine the nature of the ends produced (10%)

DISCRIMINATION (70%)
· Provision of equality of opportunity (by gender, race, ethnicity) (70%)
· Access to education; fairness of educational facilities among different population segments, social classes, and geographical areas (50%)

CONCENTRATIONS OF ECONOMIC POWER (EXPLOITATION)
· Monopoly, oligopoly, monopsony (100%)
· Exploitation of consumers through pricing power (100%)
· Inefficient allocation of resources (100%)
· Tied outlet dealerships and tied prices (70%)
· Unions (90%)
· Cost-induced inflation from unions (30%)
· Exploitation of the providers of factors of production (monopsony) (50%)
· Employment procedures and practices (30%)
· Wage contracts, work rules, asymmetric bargaining power (40%)

MARKET FAILURE
· Externalities (e.g., pollution) (100%)
· Ecological preservation (70%)

DISTRIBUTION OF ECONOMIC COSTS AND BENEFITS

· Distributive justice (100%)
· The morality of property entitlements or property rights (70%)
· Distribution of rewards for work (between and among capital and labor) (70%)
· Attempt on part of different classes of income earners to increase their shares of national income and production to the disadvantage of other classes (rent seeking*)* (50%)
· Special interest groups (50%)
· Capital employs labor: providers of capital have a right to all value (surplus value) after paying the suppliers of labor (80%).
· Labor employs capital (40%)
· Are the risks of production shared? (30%)
· Providers of capital entitled to a risk-adjusted rate of return (30%)
· Labor is clearly exposed to the risks associated with specialized production, the business cycle (20%).
· Labor sharing in ownership of means of production (profit-sharing) (30%).
· Over-remuneration of CEOs (40%)
· The endowments with which participants in an economy enter the earnings process (100%)
· Intergenerational transfers of benefits and costs (80%)
· Inheritance and estate taxation (70%)
· The acceptability of the initial distribution of endowments in the economy (economic efficiency versus technical efficiency) (50%)
· Certain levels of skills and abilities, knowledge, motivations, ambition, and other individual characteristics cannot be redistributed (100%).
· Distribution of economy's resources between private and public sectors (100%)
· Efficient employment of public sector resources (e.g., government contractors; cost plus contracts) (70%)
· Welfare policies and programs (100%)
· Pigou: Diminishing MU of wealth makes redistribution more acceptable (30%).
· Progressive taxation (100%)
· The validity of interpersonal comparisons of utility (20%)
· The uniqueness, separability, psychological individuality, and sanctity of persons engaged in the economic and social process (0%)
· Charity (10%)
· The free-rider problem and charity (0%)
· The problem of assurance (0%)
· Minimum social goods (40%)
· A minimum acceptable income level to be made available to each employable individual, adjusted due to familial and dependent responsibilities (minimum guaranteed income; economic safety net) (30%)
· Consumption targets versus distributive justice (10%)
· Ethics of entitlement (incentives or disincentives to work) (70%)
· The ethic of work (40%)
· The ethic of contribution—does work effort derive from a deontological, obligatory, teleological, or consequentialist premise? (0%)
· The ethic of responsibility (40%)
· Self-fulfillment (0%)
· The ethic of accountability (20%)
· To every reasonable extent, poverty conditions should be alleviated in a manner that preserves human dignity, while preserving incentives for individual responsibility and participation in productive activity (poverty trap) (40%).
· Inequalities tend to produce … envy, hatred, and malice (0%).

SKEPTICISM ABOUT WHETHER ANY MORAL PRINCIPLES CAN BE KNOWN
· A duty or obligation to do the will of God (0%)
· Dewey's position: Nothing is intrinsically good or bad, and moral standards are like rules of grammar, which are capable of changing with customs and conditions (100%).
· Act utilitarianism: the rightness of an action is judged scrupulously by the consequences of the act (10%).
· May be necessary to make choices that are morally reprehensible (e.g., saving one's mother from a burning building or saving a great man whose works were more likely to benefit mankind) (0%)
· What is the basis for deciding that which is moral? (0%)
· Rule utilitarianism: a rule is acceptable as a general practice in society (i.e., the Kantian categorical imperative) (10%).
· Smith's "impartial spectator" (10%)
· Hume's "judicious spectator" or external "bystander" (0%)
· Robinson: ethical institutionalism "implanted in each of us by our upbringing" (0%)

INDIVIDUAL SATISFACTION MAY INHERE IN THINGS THAT ARE ILLEGAL OR MORALLY REPREHENSIBLE (OR NOT IN THE INDIVIDUAL'S BEST INTEREST)
· Fetal research (0%)
· Fetal abortion (0%)
· Illegal drug use (40%)
· Addictive drug traffic (40%)
· Vice (prostitution, gambling) (20%)
· Pornography (0%)
· Handguns (0%)
· Cigarette (tobacco) manufacturing (40%)
· Ethics of advertising (70%)

Source: This list of ethical issues has been compiled from an inventory of the text of Douglas Vickers, *Economics and Ethics: An Introduction to Theory, Institutions, and Policy* (Westport, Conn.: Praeger Publishers, 1997).

Notes

1. This sales estimate was provided Manuel Guzman, President, Monument Information Resource. MIR tracks annual college and university bookstore sales of economic textbooks and provides information to publishers and faculty.
2. Bruce G. Webb, "A Conversation with Douglas Vickers," *Faith and Economics* 34 (Fall 1999): 27.
3. See Robert H. Frank, Thomas Gilovich, and Denise T. Regan, "Does Studying Economics Inhibit Cooperation?" *Journal of Economic Perspectives* 7, 2 (Spring 1993): 159–71.
4. Paul A. Samuelson and William D. Nordhaus, *Economics,* 16th ed. (New York: Irwin/McGraw-Hill Book Company, 1998), 8.
5. Douglas Vickers, *Economics and Man: Prelude to a Christian Critique* (Nutley, N.J.: Craig Press, 1976), 44–45.
6. Tom Rose, "What Is Christian Economics?" In *Christian Perspectives on Economics*, ed. Robert N. Mateer (Lynchburg, Va.: CEBA, 1989), 16–17.
7. Donald A. Hay, *Economics Today: A Christian Critique* (Grand Rapids: Wm. B. Eerdmans Publishing Company, 1991), chap. 2.

8. David M. Gould, Graeme L. Woodbridge, and Roy J. Ruffin, "The Theory and Practice of International Trade," *Economic Review* (Dallas: Federal Reserve Bank of Dallas, 4th Quarter 1993).

9. James Gwartney, Robert Lawson, and Walter Block, *Economic Freedom of the World: 1975-1995* (Vancouver, BC: The Fraser Institute, 1996).

10. W. Michael Cox and Richard Alm, *Time Well Spent: The Declining* Real *Cost of Living in America* (Dallas: The Annual Report of the Federal Reserve Bank of Dallas, 1997), 2–24.

11. W. Michael Cox and Richard Alm, *The Right Stuff: America's Move to Mass Customization* (Dallas: The Annual Report of the Federal Reserve Bank of Dallas, 1998), 3–6.

12. Douglas Vickers, *Economics and Ethics: An Introduction to Theory, Institutions, and Policy* (Westport, Conn.: Praeger Publishers, 1997).

13. 1998 data from Monument Information Resources was used to select the following top-selling principle textbooks: Colander, *Economics*, 3rd ed. (New York: McGraw-Hill, 1998); Gwartney and Stroup, *Economics: Private and Public Choice*, 8th ed. (New York: The Dryden Press, 1997); Mankiw, *Principles of Economics* (New York: The Dryden Press, 1998); Mansfield and Behravesh, *Economics U$A*, 5th ed. (New York: W. W. Norton & Company, 1998); McConnell and Brue, *Economics: Principles, Problems, and Policies*, 14th ed. (New York: McGraw-Hill, 1999); Miller, *Economics Today*, 9th ed. (New York: Addison-Wesley, 1997); Samuelson and Nordhaus, *Economics*, 16th ed. (New York: McGraw-Hill, 1998; Schiller, *The Economy Today*, 7th ed. (New York: McGraw-Hill, 1997); Tucker, *Economics for Today* (Minneapolis/St. Paul, Minn.: West Publishing Company, 1997). Plus, a best-seller from the United Kingdom, Sloman, *Economics*, 3rd ed. rev. (London: Prentice-Hall Europe, 1999).

14. For complete bibliographical information, see endnote #7.

15. Unless stated otherwise, all Scripture has been taken from the New King James Version of the Bible.

16. Vickers, *Economics and Man*, 2.

17. Hay, *Economics Today*, 21.

18. Ibid., 27.

19. Ibid., 32–38.

20. Ibid., 43.

21. For an in-depth theological analysis of the meaning and role of Babylon, see Robert C. Linhticum, *City of God, City of Satan: A Biblical Theology of the Urban Church* (Grand Rapids: Zondervan Publishing House, 1991).

22. This subheading has been adapted from Donald Hay's "Biblical Principles for Economic Life," which I find to be quite succinct!

23. E. Calvin Beisner, *Prosperity and Poverty: The Compassionate Use of Resources in a World of Scarcity* (Wheaton, Ill.: Crossway Books, 1988).

24. Rebecca M. Blank, *Do Justice: Linking Christian Faith and Modern Economic Life* (Cleveland: United Church Press, 1992).

25. M. Douglas Meeks, *God the Economist: The Doctrine of God and Political Economy* (Minneapolis: Augsburg Publishing House, 1989).

26. Michael Novak, *The Spirit of Democratic Capitalism* (New York: Simon & Schuster, 1982).

27. Ronald J. Sider, *Rich Christians in an Age of Hunger* (Dallas: Word Publishing, 1997); and *Just Generosity: A New Vision for Overcoming Poverty in America* (Grand Rapids: Baker Book House, 1999).

28. Vickers, *Economics and Man*.

29. J. Philip Wogaman, *The Great Economic Debate: An Ethical Analysis* (Philadelphia: The Westminster Press, 1977).

30. Blank, *Do Justice*, 21, 46.

31. John F. Sleeman, *Basic Economic Problems: A Christian Approach* (London: SCM Press, 1953), 15.

32. Novak, *The Spirit of Democratic Capitalism*, 39–40.

33. Hay, *Economics Today*, 75.

34. Vickers, *Economics and Man*, 47.

35. E. Calvin Beisner, "Christian Economics: A System Whose Time Has Come?" In *Christian*

Perspectives on Economics, ed. Robert N. Mateer (Lynchburg, Va.: CEBA, 1989), 38, 40.

36. J. D. Mason and K. C. Schaefer, "The Bible, the State and the Economy: A Framework for Analysis," *Christian Scholar's Review* 19, 1 (1990): 54–55.

37. Larry L. Rasmussen, *Economic Anxiety and Christian Faith* (Minneapolis: Augsburg Publishing House, 1981), 78.

38. Charles Colson, *Kingdoms in Conflict* (Grand Rapids: Zondervan Publishing House, 1987), 278–79.

39. For a thorough and enjoyable review of the integration of ethics throughout the history of economics, see Joseph F. Flubacher, *The Concept of Ethics in the History of Economics* (New York: Vantage Press, Inc., 1950). An excellent, though brief, review of the same topic is James E. Alvey, "A Short History of Economics As a Moral Science," *Journal of Markets & Morality* 2, 1 (Spring 1999): 53–73.

40. Yuval P. Yonay, *The Struggle Over the Soul of Economics: Institutionalist and Neoclassical Economists in America Between the Wars* (Princeton: Princeton University Press, 1998), chap. 9.

41. In *Jesus As a Figure in History: How Modern Historians View the Man from Galilee* (Louisville: Westminster/John Knox Press, 1998), for example, Mark Allan Powell expresses an opposite view in discussing the research on Jesus as a figure of history: "All these images of Jesus come into play for historical researchers, and eventually, affect perception at the popular level as well. The work of academicians has a way of trickling down to the people in the pews … Preachers are shaped by what they read, and they, in turn, shape their congregations" (64). Overall I find the preceding statement to be an overstatement of the influence academicians exert on society, particularly in the case of Christian ethics and economics. Even before the scholarly language of ethics has been overlaid, the majority of persons, including pastors, find economics to be a technically intimidating, and perhaps, boring subject. Of the many outstanding books integrating Christianity and economics at least half were out of print in less than a decade, and I doubt than many ever even achieved a break-even circulation of ten thousand.

42. Max L. Stackhouse, Dennis P. McCann, Shirley J. Roels, and Preston N. Williams, *On Moral Business: Classical and Contemporary Resources for Ethics in Economic Life* (Grand Rapids: Wm. B. Eerdmans Publishing Company, 1995).

43. Larry Burkett, *Business By the Book: The Complete Guide of Biblical Principles for Business Men and Women* (Nashville: Thomas Nelson Publishers, 1990).