

BIBLICAL FOUNDATIONS FOR THE ECONOMIC WAY OF THINKING

A High School Homeschool Elective Course



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Elective Course**



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COURSE INTRODUCTION

The *Biblical Foundations for the Economic Way of Thinking* course is a seventeen-week high school homeschool elective course. The course guides students through an in-depth, biblical exploration of the economic way of thinking.

Students will learn the basic principles of economics. What makes IFWE's course unique is its emphasis on learning the biblical foundations for economics as a necessary component of making God-honoring decisions.

Using a variety of readings, students will learn how thinking economically can provide a framework for living that fits God's design, brings him glory, and allows them to experience fulfillment in their lives.

When God created the world, he designed us to cultivate the flourishing of his creation and glorify him in the process. To do this, he equipped each of us with unique gifts and skills we are to use to "be fruitful and multiply and fill the earth" (Gen. 1:28). This command in Genesis is a call to stewardship. In a world of limited time and resources, we need to make good decisions in order to be faithful stewards of all God gives us.

The economic way of thinking is a tool God has given us to make decisions that fit with his design and glorify him as well as serve others.

By gaining an understanding of economics, students will learn how to make wise decisions while living under conditions of scarcity and limited knowledge. They will learn the importance of being able to freely exchange their time, abilities, and resources with others in order to produce more prosperity than they could on their own. They will gain discernment as they learn about trade-offs and opportunity costs, things that will help them make wise use of their time and create value using their unique gifts and talents.

In short, students who take this course will see how living out biblical economic principles empowers them to live faithfully as Christians, to flourish and to contribute to the flourishing of their families, their communities, their nation, and, ultimately, the world.

COURSE REQUIREMENTS

1. There is one book required for the course:
 - a. Gwartney, James D., Richard L. Stroup, and Dwight R. Lee. *Common Sense Economics: What Everyone Should Know about Wealth and Prosperity*. New York: St. Martin's Press, 2005.
 - b. There are also numerous readings and educational videos that can be found online.
2. A midterm and final exam will be given to help students think reflectively about the material and their own understanding of the economic way of thinking.

COURSE OBJECTIVES

After completing this course, students should:

- Understand the economic way of thinking as a path to better stewardship
- Grasp the importance of good decision making for serving God and his creation
- Understand the grounding of economic thinking in biblical principles
- Be provoked to always ask “Why?” and “At what cost?” when evaluating different economic paths

COURSE LAYOUT

Each module consists of several sections designed to guide students comprehensively through the material. Modules begin with a brief **description** of content and review of the previous material. **Learning objectives** state the main idea for the module's content. **Key ideas** highlight important concepts not to be missed in each lesson. **Scripture readings** note all Scripture references for the introductory material. **Reading assignments** list required and optional readings for related content. **Study questions** are designed to ensure reading comprehension and encourage reflection. **Assessments**, if listed, explain writing assignments designed to apply concepts presented in the material to the students' own lives. Group or family **learning activities** offer suggested group exercises to further apply and examine important concepts. A **summary** wraps up the module and prepares students for the next lesson.

SUGGESTED ANSWERS AND GRADING RUBRIC

As an accompaniment to this course, a grading rubric with suggested answers and guidelines can be found in an electronic format online. Please visit our website at: <http://homeschool.tifwe.org>

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CONTRIBUTORS

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Dr. Anne Rathbone Bradley is the vice president of economic initiatives at the institute, where she develops and commissions research toward a systematic biblical theology of economic freedom. She is a visiting professor at Georgetown University, and she also teaches at the Institute for World Politics and George Mason University. Additionally, she is a visiting scholar at the Bernard Center for Women, Politics, and Public Policy. Previously, she has taught at Charles University, Prague, and served as the Associate Director for the Program in Economics, Politics, and the Law at the James M. Buchanan Center at George Mason University.

She is an editor of and contributing author to IFWE's recently released book, *For the Least of These: A Biblical Answer to Poverty*. In her chapter, Dr. Rathbone Bradley examines income inequality from both an economic and biblical perspective and provides guidance to Christians on how to respond, particularly through our vocations.

Dr. Rathbone Bradley's other academic work has focused on the political economy of terrorism with specific emphasis on the industrial organization of al-Qaeda. Her research has been published in scholarly journals and edited volumes. She is currently working on a book that analyzes the political economy of al-Qaeda post-9/11. Based on her academic research, she also worked as an economic analyst for the Central Intelligence Agency's Office of Terrorism Analysis.

Dr. Rathbone Bradley received her PhD in economics from George Mason University in 2006, during which time she was a James M. Buchanan Scholar.

GREG AYERS

Greg Ayers is the senior editor at the Institute for Faith, Work & Economics, where he oversees the Institute's product creation and provides direction and support for its content development, editing, and publishing.

Before joining the Institute, Greg worked as a director of development with the Bill of Rights Institute in Arlington, VA, where he managed the institute's donor communications and direct mail and e-mail fundraising programs. He has also worked as a freelance direct mail copywriter and music journalist. He served as a fellow in the Falls Church Fellowship Program, a postgraduate leadership development program at the Falls Church Anglican in Falls Church, VA.

Greg graduated from Wheaton College in Wheaton, IL, with his bachelor in arts in political science. He resides in Arlington, VA.

ABOUT THE INSTITUTE FOR FAITH, WORK & ECONOMICS

The Institute for Faith, Work & Economics™ (IFWE) is a nonprofit, 501(c)(3) Christian research organization committed to promoting biblical and economic principles that help individuals find fulfillment in their work and contribute to a free and flourishing society.

IFWE's research starts with the belief that the Bible, as the inerrant Word of God, provides the authoritative and intellectual foundation for a proper understanding of work and economic truths that, when properly followed, can help individuals, companies, communities, and nations flourish.

IFWE's research is based on three core principles:

1. Each person is created in God's image and, like him, has a desire to be creative and to find **fulfillment** using their God-given talents through work.
2. All work, whether paid or volunteer, matters to God, and we as Christians are called to pursue excellence throughout the week—not just on Sundays—stewarding all that we've been given for God's glory and for the **flourishing** of society.
3. Therefore, we as citizens must promote an economic environment that not only provides us the **freedom** to pursue our callings and flourish in our work but also reflects the inherent dignity of every human being.

Our desire is to help Christians view their work within the bigger picture of what God is doing in the world. Not only do we help Christians find personal fulfillment, but we also help them understand how to better alleviate poverty, address greed, and view possessions properly. With a biblical view of work and economics, we can partner together to be meaningful participants in God's plan to restore the world to the way he intended it to be.

We invite you to learn more through our other resources at <https://tifwe.org>:

- Our [blog](#) provides brief but powerful insights.
- Our book *How Then Should We Work?* is a perfect starting point for understanding the biblical meaning of work.
- Our [research](#) offers concise explanations of our most significant research and findings.
- Sign up for our newsletter and receive updates on our latest events and publications.

SYLLABUS

The links to reading assignments that can be found online are available at: <http://homeschool.tifwe.org>. However, if you are accessing this book on a computer, you can access them by clicking the readings' links.

MODULE 1—GOD’S DESIGN AND DESIRE: THE PURPOSE OF ECONOMICS

1. Genesis 1–4
2. Brian Baugus, “Can Genesis Teach Us Anything about Economics?”
3. Art Lindsley, “The Call to Creativity”
4. Jonathan Pennington, “A Biblical Theology of Human Flourishing”
5. Hugh Welchel, “Four Principles of Biblical Stewardship”
6. Hugh Welchel, “Carrying Out the Cultural Mandate Is Essential for Biblical Flourishing”
7. Shawn Ritenour, “An Unexpected Source of Human Flourishing”
8. Econ Free, “Economic Freedom and the Quality of Life” (video)
9. IFWE, “Freedom to Flourish” (video)

MODULE 2—SELF-INTEREST AND GOD-HONORING DECISIONS

1. Art Lindsley, “C. S. Lewis, Greed, and Self-Interest”
2. Samuel Gregg, “Self Interest, Rightly Understood”
3. Anne Bradley, “Goldman Sachs, Self-Interest, and Greed”
4. Hugh Welchel, “What Is Biblical Self-Interest?”
5. Jay W. Richards, “Selfishness, Self-Interest, and Significance”
6. Aeon J. Skoble, “Libertarian Philosophy: Why Thieves Hate Free Markets” (video)
7. Milton Friedman, “Greed” (video)

MODULE 3—THE FOUNDATIONAL IDEAS OF ECONOMICS

1. James D. Gwartney, Richard L. Stroup, and Dwight R. Lee, *Common Sense Economics*, Part 1
2. Leonard E. Read, “I, Pencil”
3. Anne R. Bradley, “You Can Spend Six Months and \$1,500 Making a Chicken Sandwich...but Should You?”
4. Adam Smith, *The Wealth of Nations*, Book 1, Chapters 1–4
5. Donald J. Boudreaux, “Comparative Advantage”
6. Russell Roberts, “Incentives Matter”
7. Steven Horwitz, “Economists and Scarcity: The Concepts of ‘Scarcity’ and ‘Resources’ Are Often Misunderstood”
8. IFWE, “I, Smartphone” (video)
9. Tyler Cowen, “Introduction to Microeconomics” (video)

MODULE 4—THE ROLE OF TRADE IN HUMAN FLOURISHING

1. Russell Roberts, “Treasure Island: The Power of Trade, Part I: The Seemingly Simple Story of Comparative Advantage”
2. Russell Roberts, “Treasure Island: The Power of Trade, Part II: How Trade Transforms Our Standard of Living”
3. R. Mark Isaac, “Does the Bible Condemn Trade?”
4. David R. Henderson, “Opportunity Cost”
5. David R. Henderson, “TANSTAAFL, There Ain’t No Such Thing as a Free Lunch”
6. Hugh Wheelchel, “What Are the Economic Implications of the Fall?”
7. Art Carden, “Trade Is Made of Win, Part 1: Wealth Creation” (video)
8. Thomas Sowell, “There are No Solutions, Only Tradeoffs” (video)

MODULE 5—DECENTRALIZED KNOWLEDGE, PROPERTY RIGHTS, AND PRICES

1. Friedrich August von Hayek, “The Use of Knowledge in Society”
2. Art Lindsley, “Private Property”
3. Walter Kaiser, “Ownership and Property in the Old Testament Economy”

4. Russell Roberts, “Where Do Prices Come From?”
5. Donald J. Boudreaux, “Information and Prices”
6. Shawn Ritenour, “Three Reasons Private Property Is Essential for Human Flourishing”

MODULE 6—THE MARKET PROCESS, SUBJECTIVE VALUE, AND UNPLANNED ORDER

1. Max Borders, “Subjective Value”
2. Brian Baugus, “How Does the Market Work?”
3. Russell Roberts, “The Reality of Markets”
4. Anne Bradley, “The Market Process and the Path to Flourishing”
5. Russell Roberts, “A Marvel of Cooperation: How Order Emerges without a Conscious Planner”
6. Friedrich August von Hayek, “Kinds of Order in Society”
7. Anne Bradley, “Is the Economy a Pie?”
8. Hans Rosling, “200 Countries, 200 Years, 4 Minutes” (video)
9. Tom J. Bell, “Can Order Be Unplanned?” (video)
10. Donald J. Boudreaux, “Subjective Value” (video)
11. Steven Horwitz, “Spontaneous Order and the Market Process” (video)

MODULE 7—PRICES, PROPERTY RIGHTS, AND PROFITS

1. David R. Henderson, “Demand”
2. Robert Sirico, “Why Profits are Not Exploitative”
3. Armen A. Alchian, “Property Rights”
4. Robert Sirico, “Prices Keep Profits Fair”
5. Anne Bradley, “Making a Profit: An Unexpected Way to Help Others”
6. Michael Munger, “They Clapped: Can Price-Gouging Laws Prohibit Scarcity?”
7. Alex Tabarrok, “The Demand Curve” (video)
8. Alex Tabarrok, “The Supply Curve” (video)
9. Alex Tabarrok, “The Equilibrium Price” (video)
10. Tyler Cowen, “A Deeper Look at the Demand Curve” (video)
11. Tyler Cowen, “The Demand Curve Shifts” (video)

12. Alex Tabarrok, “A Deeper Look at the Supply Curve” (video)
13. Marginal Revolution University, “The Supply Curve Shifts” (video)
14. Alex Tabarrok, “Exploring Equilibrium” (video)

MODULE 8—ECONOMIC FREEDOM AND STEWARDSHIP

1. James D. Gwartney, Richard L. Stroup, and Dwight R. Lee, *Common Sense Economics*, Parts 2 and 3
2. Alan S. Blinder, “Free Trade”
3. Anne Bradley and Joseph Connors, “Economic Freedom and the Path to Flourishing”
4. Anne Bradley, “Five Reasons Christians Should Embrace Economic Freedom”
5. Econ Free, “Episode One: Economic Freedom and Quality of Life” (video)
6. Econ Free, “Episode Two: Economic Freedom in America Today” (video)

MODULE 9—ENTREPRENEURSHIP AND INNOVATION

1. Ludwig von Mises, “Profit and Loss”
2. Wolfgang Kasper, “Competition”
3. Brian Baugus, “Entrepreneurship within a Biblical Worldview”
4. Elise Daniel, “Meet the Generation Bringing Back Entrepreneurship in America”

MODULE 10—MIDTERM

MODULE 11—ECONOMIC FREEDOM AND THE DEVELOPING WORLD

1. Sara Corbett, “Can the Cell Phone Help End Global Poverty?”
2. Laurence Chandy and Geoffrey Gertz, “With Little Notice, Globalization Reduced Poverty”
3. Robert E. Lucas Jr., “The Industrial Revolution: Past and Future”
4. Derek Thompson, “The Economic History of the Last 2,000 Years: Part II”
5. Tolu Ogunlesi and Stephanie Busari, “Seven Ways Mobile Phones Have Changed Lives in Africa”

6. The World Bank, “[Mobile Phone Access Reaches Three Quarters of the Planet’s Population](#)”
7. Hans Rosling, “[200 Years, 200 Countries, 4 Minutes](#)” (video)
8. Hans Rosling, “[Hans Rosling and the Magic Washing Machine](#)” (video)
9. Donald J. Boudreaux, “[The Hockey Stick of Human Prosperity](#)” (video)

MODULE 12—THE ROOTS OF POVERTY

1. Jonathan Pennington, “[‘Sell Your Possessions and Give to the Poor’: A Theological Reflection on Jesus’ Teaching Regarding Personal Wealth and Charity](#)”
2. Theology of Work Project, “[God’s Law Calls People of Means to Provide Economic Opportunities for the Poor](#)”
3. Glenn Sunshine, “[Who are the Rich and the Poor?](#)”
4. Art Lindsley, “[Five Myths about Jubilee](#)”
5. Theology of Work Project, “[Productive Opportunities for the Poor](#)”

MODULE 13—THE ROLE OF ECONOMIC FREEDOM IN ALLEVIATING POVERTY

1. Kristine Zambito, “[When It Comes to Alleviating Poverty, Here’s How Your Church Can Avoid Help that Hurts](#)”
2. Steven Horwitz, “[Contemporary Economic Myths](#)”
3. Elise Daniel, “[Economic Freedom is Not Enough for Human Flourishing](#)”
4. Robert A. Lawson, “[Economic Freedom](#)”
5. Anne Bradley, “[Freedom and Flourishing](#)”
6. Jeffrey Dorfman, “[Free Markets Unquestionably Help the Poor](#)”
7. IFWE, “[Flourishing](#)” (video)

MODULE 14—GOVERNMENT AND THE ECONOMY

1. J. P. Moreland, “[A Biblical Case for Limited Government](#)”
2. Robert P. Murphy, “[The Costs of Government](#)”
3. Donald J. Boudreaux, “[Free Trade and Globalization: More than Just ‘Stuff’](#)”
4. Robert Higgs, “[Government Growth](#)”
5. James Madison, “[Federalist #10](#)”

MODULE 15—GOVERNMENT AND UNINTENDED CONSEQUENCES

1. Frédéric Bastiat, *The Law*
2. Frédéric Bastiat, “What Is Seen and What Is Not Seen”
3. Anne Bradley, “Does the Minimum Wage Hurt the People It’s Trying to Help?”
4. Brian Griffiths, “Christianity, Socialism, and Wealth Creation”
5. Antony Davies, “Unintended Consequences of Price Controls” (video)
6. Alex Tabarrok, “Price Ceilings” (video)
7. Alex Tabarrok, “Price Ceilings: Rent Controls” (video)
8. Alex Tabarrok, “Price Floors: The Minimum Wage” (video)
9. Alex Tabarrok, “Price Floors: Airline Fares” (video)

MODULE 16—FINAL REFLECTIONS

1. Peter J. Boettke, *The Battle of Ideas: Economics and the Struggle for a Better World*
2. Art Lindsley, “The Biblical View of Freedom”
3. EconStories, “‘Fear the Boom and the Bust’ Hayek vs. Keynes Rap Anthem” (video)

MODULE 17—FINAL EXAM

MODULE 1

GOD'S DESIGN AND DESIRE: THE PURPOSE OF ECONOMICS

DESCRIPTION

This module will help you understand how economics is part of God's created order and not the "dismal science" it's known to be. God's design for his creation is for it to glorify him and flourish. We are called to work and exercise creativity, and when we do these things and make God-pleasing decisions, he is glorified and we are able to bring about greater flourishing in creation. In this process, economics helps us become better decision makers.

LEARNING OBJECTIVES

"Learning Objectives" will briefly summarize the main points of the module. Consider the learning objectives your key takeaways for the material. You should feel confident explaining these objectives by the end of your study.

- God created us to work. While the Fall made our work and our jobs harder, this purpose still remains.
- We are created uniquely to make purposeful contributions to God's creation as his subcreators.
- When we use our gifts wisely and make good decisions, we better fulfill God's design (who we are in Christ) and his desire (what he created us to accomplish).
- Economic thinking results in good decision making, which is good stewardship, which glorifies God.
- Increased human flourishing brings glory to God and helps fulfill his desires.

KEY IDEAS

In each module, this section will briefly explain key ideas and vocabulary from the material that we don't want you to miss. These ideas and vocabulary will help you grasp each module's content. Keep in mind that some definitions are contextualized for the material of this course.

1. God's purpose for human beings:
 - a. God placed us on this earth to fulfill the cultural mandate and strive toward using our scarce resources to create flourishing.
2. Human anthropology according to the Bible:
 - a. Each person is created uniquely: God gave us all gifts and talents that are specific to us as individuals.
 - b. Human beings are rational: We have the ability to think logically and analytically. At the same time, our knowledge and capacity to learn is finite and imperfect, like the rest of creation.
 - c. Human beings were created to be purposeful: We each have a unique calling to live our lives in pursuit of the furtherance of God's kingdom.
 - d. Human beings were created with self-interest: We are concerned for our personal well-being. We make choices based on our unique preferences.
 - e. Human beings were created to be subcreators: We are called to subdue the slice of creation that God has entrusted to us by putting to work our gifts and talents.

INTRODUCTION

As evangelical Christians, Scripture is our guide for faith and practice in all areas of life. It is the inspired word of God, and as such, it is inerrant and applies to every aspect of our lives. It can and should inform who we are, what we were created to do, and the personal and corporate goals of our lives. We can better understand these things by looking at Genesis. The truths found in Genesis are the starting point for this study in economics.

God did not give us the Garden of Eden without the tools to “work it and take care of it” (Gen. 2:15). An important distinction needs to be made here: taking care of something means preserving it, and making sure it doesn't get destroyed. Working something, on the other hand, implies cultivating it into something more. We are to do both. The question is, how are we to do these things? The first step is to figure out who God created us to be and then to understand the principles that will make us better stewards or cultivators. Next, understanding economics is essential for our task, because at its core, economics is about the stewardship of all our resources, time, and talents.

So who has God created you to be? If you and your family have not taken IFWE's *Calling* course, we highly recommend it. The course thoughtfully explores the biblical meaning of calling to help students understand how they were created and who God is calling them to be.

Once we understand who we were created to be and for what purpose, economics helps us become the best decision makers we can be in a fallen and finite world. The term *economics* comes from the Greek word *oikonomia*, meaning "to manage a household." It is about stewarding all of our life decisions while living in a world of scarcity. We don't have to make choices and we don't bear costs when scarcity does not exist. However, in a world where time is our most limited resource, economics helps us to better steward our resources, time, and talents for God's glory.

When we become who God created us to be, we help fulfill his original desires for his creation: his glory. We can only do this when we understand both his design of creation and our unique role in it. Economics helps us to be better decision makers in a fallen world where we experience scarcity and sin.

When we embrace God's design for our lives, we are better able to use our skills to cultivate his creation for his purposes. Through the concept and practice of trade, economics helps us understand that we cannot do these things alone. Trade allows us to serve each other. It allows us to collaborate with anonymous strangers and serve hundreds, if not thousands, of people.

We play an important role in God's larger story when we do our jobs well, whether as accountants, small business owners, or large hedge fund managers. Regardless of your vocation, you can bring God glory when you do your job with excellence. You also have powerful incentives to serve others.

In this module, we start in Genesis to see that we are made uniquely and not self-sufficient. The differences between individuals make it necessary for us to come together through trade to serve each other. Good economics starts with biblical anthropology, or the study of who we are as humans and the purpose we're meant to serve. Who are we in Christ, and what we are meant to accomplish while on Earth?

ASSIGNMENTS

All articles are available online at <http://homeschool.tifwe.org>. This section will list required and optional reading assignments for each module.

1. Genesis 1–4
2. Brian Baugus, "Can Genesis Teach Us Anything about Economics?"

4 · Biblical Foundations for the Economic Way of Thinking

3. Art Lindsley, “The Call to Creativity”
4. Jonathan Pennington, “A Biblical Theology of Human Flourishing”
5. Hugh Whelchel, “Four Principles of Biblical Stewardship”
6. Hugh Whelchel, “Carrying Out the Cultural Mandate Is Essential for Biblical Flourishing”
7. Shawn Ritenour, “An Unexpected Source of Human Flourishing”
8. Econ Free, “Economic Freedom and the Quality of Life” (video)
9. IFWE, “Freedom to Flourish” (video)

STUDY QUESTIONS

In a few sentences, answer each of the questions below after completing the assigned reading.

1. When does trade and potential for trade occur in Genesis? Are we created to serve each other through our gifts?
2. Can we flourish alone? Why or why not?
3. How does human nature make us interdependent?
4. How can we live out the cultural mandate in different forms?
5. How does our God-given creativity help us bring about flourishing?
6. Can accountants, engineers, and others in “secular” occupations bring glory to God?
7. What is the distinction between biblical flourishing and typical cultural definitions of flourishing?

GROUP OR FAMILY ACTIVITY

This section includes optional learning activities that promote discussion, personal reflection, and sharing among your family or group. The activities are suggestions, but feel free to adapt them to your group or come up with your own.

1. Have each family or group member write on an index card what they think God has called them to be. On the back of each card, ask each member to write down three things they like doing and think they do well.
2. Talk about each person’s card. Do the items on the front of the cards match the skills on the back? What can each person learn from this?

SUMMARY

Economics is a set of tools that helps us look clearly at the true costs and expected benefits of our choices. It starts with the premise of self-interest, which is precisely how God made us. The fall of humankind into sin tainted our desires and made it impossible to center them on Christ. Sin entered the world and made everything harder, including our work. Salvation in Christ gives us the ability to serve him by centering our desires on him, although imperfectly. We need the economic way of thinking to help us make better, wiser choices in a world of scarcity, imperfect knowledge, and sin. Economics helps us to look beyond short-term circumstances to the potential long-term and unintended consequences of our actions.

We are responsible for bringing about biblical flourishing. Material well-being is a part of that, as Dr. Jonathan Pennington argues.¹ God does not want us to live in poverty, struggling daily to find our next meal or dying early from a lack of medical care. Economics is a tool for bringing about biblical flourishing. It helps us to better order our personal lives by helping us focus on our comparative advantages. It helps us to see trade as a fantastic way to use our gifts to serve others across the globe as we seek to bring about more community and global flourishing.

What we will begin to explore in the next few modules are the core questions economists are always forced to ask: “Why?”, “At what cost?”, and “What are the alternatives?” When we see problems in the world, we need to analyze why they happen and what incentives people are responding to. We always need to assess costs against benefits—how much is it worth to proceed down a given path, and what are the alternative options available to us?

1. Jonathan Pennington, “A Biblical Theology of Human Flourishing,” Institute for Faith, Work & Economics, March 4, 2015, <http://tifwe.org/resource/a-biblical-theology-of-human-flourishing-2/>.

MODULE 2

SELF-INTEREST AND GOD-HONORING DECISIONS

DESCRIPTION

Self-interest is part of how God designed us. As his sub-creators, he made us to always be improving and innovating. When we pursue our self-interest in a biblical manner within the framework of good decisions that glorify God, we bring about greater levels of flourishing. When we pursue our self-interest by putting ourselves ahead of Christ, we bring about curses, and God's desires are not fulfilled. Self-interest is the biblical mechanism of human choice. It is motivated by our subjective value; what we want and desire, which must be Christ-centered in order for us to contribute to and experience greater flourishing.

LEARNING OBJECTIVES

Self-interest is tied to the theme of subjective value and God's design and desires that we have thus far developed.

We have a framework for making decisions:

1. The decision making mechanism involves two parts: 1.) the process we use to make a decision, and 2.) the judgment in terms of virtue (did we make a good decision?).
2. The mechanism we use to make a decision is always the same and we all have it. We always consider the circumstances and the alternatives, and choose what seems best at the time.
3. God designed us to make decisions (process), and he desires for us to make God-pleasing decisions (quality).
4. *Subjective value* is how we determine what is best when making our decisions. It is based on our preferences and, as such, is highly personal. We are always trying to improve our conditions and our own levels of happiness

5. Self-interest
 - a. Central to how we make decisions; we are motivated to do what is in our best interest, to improve our conditions.
 - b. Selfishness is putting yourself first, always. Refer to Philippians 2 (“Don’t only consider yourself”).
6. Once we are saved, the way we think about what’s best for ourselves is renewed, although it’s still imperfect. Now we have the ability to make decisions that are pleasing to God.
7. When we are saved, the way we determine what is “good” changes. We desire to please God, and that impacts the decisions we make. However, we still use the same decision-making process.
 - a. God’s common grace allows increased flourishing in the world from good decisions made by non-believers. He uses his power to suppress evil so that humankind is never as evil as they could be. He chooses, by his grace, to use nonbelieving people to do good things for his creation.

KEY IDEAS

1. **Self-interest is part of our design in God.** Greed is the result of our own sinful desires. Greed and self-interest are not synonymous. Because of humankind’s fallen nature, all people can be affected by greed—an overwhelming and often selfish hunger for something. Greedy people will stop at nothing when trying to satisfy their desires—they may even act in ways that are harmful to themselves. Self-interest also affects all people, but it is not a consequence of the Fall. Rather, self-interest drives people to take care of themselves by performing activities that range from preparing a meal or investing their money in a new venture. This pursuit of increasing personal well-being often benefits others in the process.

INTRODUCTION

Last week, we learned in Genesis about our mandate from God to use our skills for bringing about greater levels of flourishing in this fallen world of scarcity. This week, we will explain how this works through individual choice by discussing our God-given design and how those characteristics can lead to flourishing in an economy of trade which relies on self-interest.

When people have the opportunity to trade, value is created because everyone perceives value subjectively and we value different things and at different rates. We are motivated to trade with each other because of this. Through trade, individuals mutually benefit when they exchange things they value less for things they value more.

Let's go one step further. What underlies the subjective value we place on things? When we think about instances in which both parties chose to trade, self-interest was at play.

The economy, a manifestation of all trading that is constantly occurring amongst individuals, guides us to human flourishing, for God gave us the system to bring about flourishing based on our human nature. We were created as individuals with different preferences and the ability to apply subjective value. Trade allows us to create value as we continue to trade for what we value more than what we currently own and we will learn more about that next week. This idea of only trading when we value something more than what we possess leads us to the idea that the economy is driven by self-interest. In an economy of mutually beneficial trades, this self-interest is inextricably linked to making others better off. When every person is able to live out their choices, the market directs self-interest to make people better off than they otherwise would be. While the market cannot cure a greedy heart, it can encourage people to not act upon every greedy impulse.

It is important to understand self-interest as the Bible portrays it. Self-interest is part of our anthropology. It is important to keep in mind that *self-interest is not the same as selfishness*. Scripture tells us in Philippians 2:4 that it is acceptable to pursue our self-interest, but that we must still consider the interests of other people: "Let each of you look not only to his own interests, but also to the interests of others."

Self-interest is what drives people to take care of themselves, meet their needs, and pursue their subjective value. It is entirely biblical, as we are put on this earth to live life to the fullest, not to merely exist without the inclination for improvement. In an economy of trade, one's well-being increases only if it benefits others in the process.

Consider an entrepreneur who wants to provide a new product. He or she is driven to make a profit, because profit will enable him or her to sustain and grow their business. In a market economy, the entrepreneur's self-interest results in a profit only if he or she provides something that makes other peoples' lives better. In this case, self-interest drives the entrepreneur to innovate and respond to a need in society, because he or she will only make a profit by meeting others' needs first.

ASSIGNMENTS

1. Art Lindsley, "C. S. Lewis, Greed, and Self-Interest"
2. Samuel Gregg, "Self Interest, Rightly Understood"
3. Anne Bradley, "Goldman Sachs, Self-Interest, and Greed"
4. Hugh Welchel, "What Is Biblical Self-Interest?"

5. Jay W. Richards, “Selfishness, Self-Interest, and Significance”
6. Aeon J. Skoble, “Social Cooperation: Why Thieves Hate Free Markets” (video)
7. Milton Friedman, “Greed” (video)

OPTIONAL RESOURCES

- Wesley Gant, “Greed Is Not Good (But Self-Interest Is)”
- James L. Doti, “Capitalism and Greed”

STUDY QUESTIONS

In a few sentences, answer each of the questions below after completing the assigned reading.

1. How do you act on your self-interest in your daily life?
2. What are the ways that this, for you, could turn into greed?
3. Are rich people necessarily greedy? Why or why not?
4. How does economics help us understand how self-interest can be used to serve others?

GROUP OR FAMILY ACTIVITY

Parent/teacher: Have a conversation about what the students want to be when they grow up. Ask the student why they want to provide that good or service in the economy, and consider which reasons can be labeled “self-interest” (e.g., they enjoy the particular field, they want to provide for their future family, they want to leave a certain legacy behind). Then, consider everything that would make them good at fulfilling that role and pinpoint how they are also subject to the other party’s self-interest if they want to succeed.

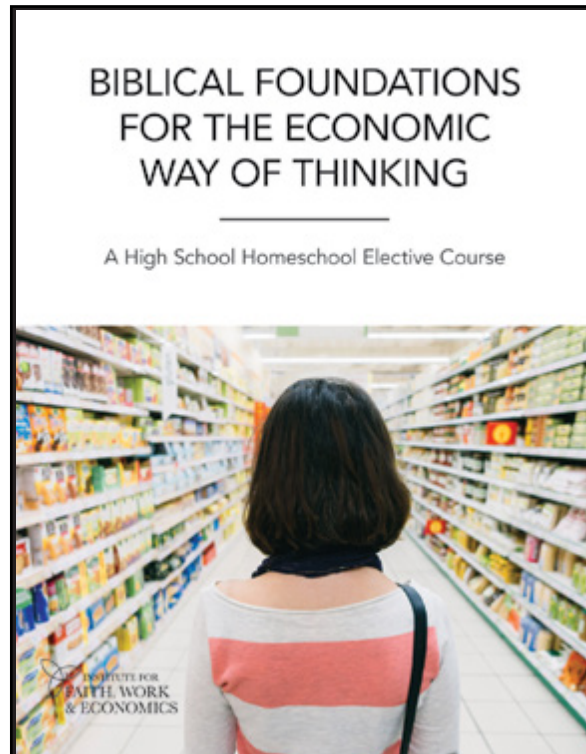
SUMMARY

Self-interest is biblical and inherent to the way the market economy directs flourishing. When people have choices in an economy of scarce time and resources, it is in one’s self-interest to make others’ lives better off since such an economy is made up of mutually beneficial exchanges. When everyone has the choice to supply or consume in the market, one cannot become better off unless they provide something that someone else needs. As the voluntary and mutually beneficial exchanges compound, we work toward flourishing.

It is important to distinguish between self-interest, selfishness, and greed. Self-interest is part of our God-given anthropology and functions for the good of all when we trade our gifts and talents in the market. Selfishness and greed, on the other hand, are the results of a sinful heart. The market can correct for greed, or the greedy can use the market to their advantage. In the second case, this is not the fault of the market, but the fault of a sinful heart. While the greedy profiteer may be sinful, he only profits if other people benefit. This does not excuse the sin of greed, but it does insulate the market participants who are not greedy from being harmed. Again, we see how economics helps us to be better stewards. As self-interested individuals, the economy brings us together to make the best of our God-given anthropology. It is in your self-interest to provide something that someone else values, whether at your desk job, your small business, or as the CEO of a Fortune 500 company. Both parties are self-interested, and value creation results as you provide a good or service that the other party accepts.

Next week we will further explain how an economy of trade overcomes other limitations of our human anthropology and this fallen world. As humans, we experience a knowledge problem. We cannot know everything about everything all the time. Fortunately, God has given us the market system as a way to communicate knowledge that our minds cannot fully encompass.

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