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Henry De Groot
Dordt College

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A Case For Free Enterprise

by Henry J. De Groot
Associate Professor of Business
Administration and Economics



Mr. De Groot has served as Chairman of the Business Administration-Economics Department at Dordt College since 1969, following nine years at Sioux Falls College. He earned his M.B.A. degree at the University of South Dakota; he is registered as a C.P.A. in Iowa.

It is a fact of life that all of us, without exception, are faced daily with decisions involving economic matters. We earn and spend, we buy and sell, we borrow and loan, we save and repay loans with interest, we produce and accumulate, we pay taxes and receive benefits from taxes collected. Involvement in economic affairs is unavoidable for residents of any country, for members of any society, for participants in any culture.

In our country, each citizen is very much a part of our economic system. We

interact daily with other members of society as we acquire things necessary to satisfy our own material needs and those of others; and as we plan to satisfy our future material needs. This need-satisfaction is a conscious effort for all of us, the young as well as the aged. Man was not created thus, but after the Fall, as a result of sin, he became conscious of his needs and found it necessary to find means of satisfying these needs. "In the sweat of thy face shalt thou eat bread..." (Genesis 3:19).

Had a book on economics been written

in 6000 B.C., the concept of scarcity of natural resources might have been introduced to indicate that satisfaction of physical human needs was no longer automatic as it was before the Fall. This book might have presented problems of production and consumption; later editions would have discussed problems of distribution, trade, and money.

Such problems have surrounded man throughout history, becoming increasingly complex with man's response to the cultural mandate to "be fruitful and multiply, and replenish the earth and subdue it; and have dominion over the fish of the sea, and over the fowl of the air ... and over every living thing that creepeth upon the earth" (Genesis 1:28). Earth's population has expanded; man has multiplied and is filling the earth. Man has followed the command of his Maker to subdue the earth, that is, "the task of searching out all things and relationships, leading to the proper development of God's creation to its appointed goal."¹

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In other words, in the cultural mandate our God commanded His creature, man, to develop His creation, to discover its beauty, to use its abundant natural resources, to find effective uses for these resources to benefit His people, and thereby to recognize Him as Lord of all. Our God gave His creation to man for him to develop and use, granting to man this immense privilege but also demanding of him the tremendous responsibility to fulfill His command according to His divine will.

The Economic Problem

In this setting, we recognize our problem. Economics (6000 B.C.) would alert us to the basic problem, one which has become increasingly complex with each passing century. Considering the millions of people involved in the production, distribution, and consumption of economic goods, the present magnitude of the problem tends to overwhelm us, and should cause us to return to basic Christian principles. Though "Christian Economics" is considered a virtually unexplored field, an analysis of man's activity dealing with the problem must be undertaken to determine man's response to God's command and provide us with a deeper awareness of our weaknesses and of the direction in which our efforts must lead us to a "Christian response" to His will.

As we survey the economic systems in use in the many nations of the world, we find a variety of systems, differing in degree from the completely centralized to the decentralized, from the completely controlled to the "free enterprise." Perhaps no economic system will conform to a specific definition or model, any more than will a political system.

We do recognize, however, that there are economic systems which tend toward rigid centralized control, whereas other economic systems tend toward freedom of action by individual citizens. The latter would tend to identify the economic system used in the United States today—a system which our God has caused to be developed for our use.

In our criticism of the economic system which we use, we do not consider this system to be the only system which God can make available to His people throughout the world. Neither must we forget to express our appreciation to Him for the economic system He has given us, whatever sinful people have done with it.

Is our economic system a Christian system? Is our system socialistic, or capitalistic (free enterprise), or neither? "If Christianity favors neither capitalism

nor socialism, then men are left without any standards of judging the ethical legitimacy of any economic arrangement. Only if specific, concrete revelational guidelines are proclaimed, does the 'neither capitalism nor socialism' slogan make any sense. Social antinomianism is no answer; it is just another way of making your socialism seem somehow biblical, in order to confuse the the conservative members of the denomination."² An economic system can be identified as favoring freedom of action for man on the one hand, or depriving man of the exercise of his God-given judgment on the other.

We recognize that no area of society is exclusive unto itself. All areas are inter-related, and economic activities tend to be interdependent with political, social, educa-

tional, and spiritual activities. We may say that each area of activity has its own function in society, and that in the division of labor each area has adopted its own qualities, characteristics, and duties in solving certain problems in a complex society where division of labor is unavoidable. But to suggest that each area of activity is independent and possesses some supreme sovereign power would be pressing an attribute beyond its intention. There is only One who possesses supreme sovereign power, which is not entrusted to any sinful person, or group of sinful people. There is a definite interdependence of each social activity upon the other social activities;

economic activities are indeed interdependent with other human activities.

In this paper we consider the free enterprise system, the economic system which we claim to use in the United States, and attempt a brief analysis from a Christian perspective. We will consider the problems of production, distribution, and consumption, each of which is dependent on the others. In this brief essay, of course, such consideration can only be of an introductory nature.

Production

Since the beginning of his existence, it has been the lot of man to "produce" material goods to satisfy his basic needs of food, clothing, and shelter. He has done

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this to the best of his sinful, limited ability. In a very real sense, man can "produce" only in transformation or conversion of raw materials into a form useful for food or clothing or shelter, with God's help and blessing. Man cannot create matter.

It is significant that no "production" takes place without the will and direction of God. Vegetation cannot grow unless He wills it. Animals, fish, and fowl cannot grow for man's benefit unless He wills it. We should recognize that, in a real sense, man is making it "more difficult for God to provide vegetation and meat" when we cause problems of pollution and ecological imbalance as we do. We forget that manu-

facturing and processing cannot take place without raw materials and power provided by our God. We can only conclude that our "production processes" are wholly dependent on God, not on man. Man is only an instrument used by God to fulfill man's needs, but man fails to obey God.

An analysis such as this raises many questions. I will attempt to answer some of these questions in the paper, whereas other questions must be answered later. What should be the producer's attitude toward his area of the economic problem? What claim does he have on goods he has produced? What rights does he have to produce or restrict the quantities as he wishes; or to demand a price which he determines; or to use resources as he sees fit; or to waste what he pleases; or to serve those whom he chooses; or to withhold his production from others? Has God given us an economic system which can determine answers to such questions? Has God given us an economic system which will provide its own feedback and corrections within tolerances to continue, much as an ecosystem would be capable of doing in the long run?

Our God does not confront us with problems without making solutions to such problems available "on request" (not "on demand"). The Bible clearly indicates that God does give man the right to "own" property in a legal sense. ("Thou shalt not steal" and "Thou shalt not covet.") In our economic system, the grace of God becomes a reality when private legal ownership of land and personal property is established. For the Christian, however, this "right" is not something which he has earned, with which he may deal as he pleases. The Christian sees God's grace so bestowed as a privilege and a personal responsibility, for which he will be held accountable.

Does an individual somehow have a sovereign right to property and its use? In the Old Testament "as the law was concerned for the continued existence of families, so, too, provision was made for the preservation of the property on which the subsistence of the family depended. As far

as possible, the inheritance was to be preserved entire. There the theocratic principle in its full face came in, and its application to questions of proprietorship is expressed in the declaration, 'the land is mine; for ye are strangers and foreigners with me' (Leviticus 25:23)—that is, God, the King of the people, is the real proprietor of the land, and He gives it to the people only as tenants."³

As a matter of stewardship, man has the mandate to act as a tenant or temporary owner, to develop God's creation. This responsibility includes the task of producing goods for the purpose of satisfying human needs. The free enterprise system tends to give man an opportunity to fulfill this mandate in an economic climate which permits him to exercise his judgment. The system gives him an incentive to produce goods and distribute them to those who have need of them.

The free enterprise system, through the action of the familiar economic principle of supply and demand, provides the incentive to produce, while at the same time tending to utilize built-in restraints to avoid overproduction and waste. Effective functioning of the principle of supply and demand must depend on an efficient system of distribution.

Distribution

Six thousand years ago, a family provided for its own simple needs. As populations increased and as some men became farmers and others shepherds, problems of distribution of goods came into being. As specialization continued, problems of distribution grew to greater proportions. Today, there is a vast amount of production in the United States, increasing production in other countries, and the desire for exchange of products between people often thousands of miles apart (from the point of production to the point of consumption). Such conditions caused, and continue to cause, an emphasis on efficient distribution of goods, at lowest cost, while realizing a

maximum of satisfaction.

The distribution sector of our economy is under more severe and consistent attack than any other sector. It is this sector in which we find criticism of man dealing with other men. Here, one person takes advantage of another through advertising and personal contact.

Parenthetically, we do observe evils in our economic system. We also recognize that there are evils in politics, in government, in education, journalism, social welfare, athletics, and, even in theology and philosophy. The point is not that our economic system is free from evil. The fundamental point is simply that all areas of life are permeated with sin—all areas of human endeavor are prone to evil and corruption.

Channels of marketing (middlemen) have become integral to our system of distribution. Each channel can perform certain marketing functions more efficiently, with less cost, than other methods of distribution. Some products are distributed locally and require only a simple distribution arrangement. Other products are produced in many parts of the world and must be assembled from distant points for distribution to other distant locations. We expect our distribution system to bring us food out of season. We expect to have products when we want them, where we want them, and in convenient containers. We insist on home delivery service, trial and return privileges, charge and installment payment arrangements.

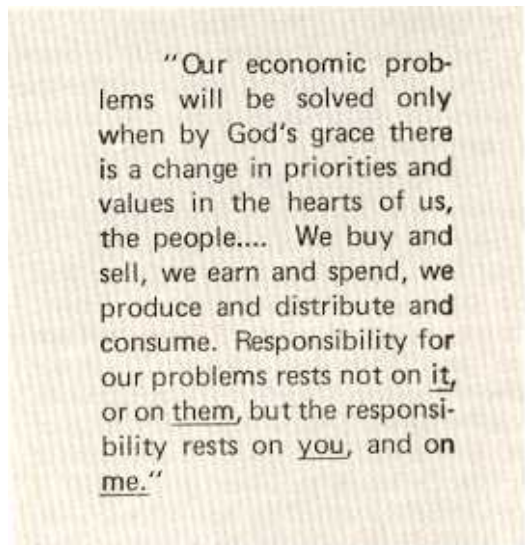
When we consider the complexity of the task of providing goods to over 200,000,000 residents of the United States, we begin to understand the responsibility entrusted to the distribution system that is part of our free enterprise system. And we realize that the problem of distributing such volumes of goods is not solved automatically. But, with all of its faults, the free enterprise system does tend to provide an efficient, self-regulating method of distributing goods to our population, with a maximum satisfaction of wants and a

minimum of waste.

Merchant distributors strive to provide to consumers what they want and need. Unless the merchant has goods which consumers want, he is not serving his fellowmen, and his business will soon come to an end. In other words, the merchant responds to the needs and desires of the consumer. The consumption function, then, becomes extremely important.

Consumption

We read increasingly about consumerism, Naderism, caveat emptor, and various other consumer problems. In much of our current literature, the consumer has become a rather helpless and frustrated individual who is bullied at every turn, subjected to the selfish motivation of every businessman and merchant.



Yet, while complaining about their problems, consumers in the United States have reached the highest standard of living in the world. In a free enterprise system, "the consumer is king," as our marketing men advise us. In a very real sense, this is true.

Perhaps we should give consideration to an emphasis on consumer ethics and consumer responsibility. We often try to

relieve ourselves of consumer responsibility by blaming the businessmen and the advertisers. More and more information is made available to consumers about products, prices, and quality. Regulations have multiplied regarding product content and analysis, giving prospective buyers more product information than they have ever had before. We have more federal, state, and local consumer protection agencies than we have ever had before. But consumers appear to prefer to criticize businessmen rather than exercise care and discretion in selecting their purchases.

A case in point is the purchase of cigarettes. Advertisements consistently warn prospective purchasers of cigarette products that "The Surgeon General has determined that cigarette smoking is dangerous to your health," yet cigarette smoking continues to increase.

As long as we maintain that another person is responsible for our problems, rather than blaming ourselves, it will be difficult to find a solution to our consumer problems. We may castigate our economic system, we may berate businessmen (and there are obviously many problems with both), but as long as we as consumers do not recognize our own weaknesses and excesses, we should probably not expect a great deal of improvement in our system.

As consumers we must learn to purchase what we need. We must learn to judge the value of economic goods. We must listen to advertisements, then make a mature judgment as God has given a degree of wisdom to each of us. As Christian consumers we have a stewardship function to fulfill which we cannot pass to others. Merchants will tell us about their wares, but they cannot force us to buy these wares if we exercise our consumer duty wisely.

Conclusion

As we compare our free enterprise system with a system based on a highly cen-

tralized economic organization, we discover that citizens of the United States are enjoying a standard of living which is unsurpassed anywhere. It would appear that the free enterprise system as an economic system has the ability to provide production and distribution superior to those of any other system known.

Our economic system is a useful system. All economic systems tend to develop excesses which must be controlled. A free enterprise system tends to utilize a minimum of government control and a maximum of individual decision making.

We tend to blame others when we experience problems with businessmen, and thus try to absolve ourselves. When we brand all businessmen and the free enterprise system as godless and corrupt, we should remember that such criticism is earned by men in every field of endeavor in every country, and not only by businessmen in America. This does not absolve American businessmen, of course, but it does put such criticism in proper perspective.

Our economic problems will be solved only when by God's grace there is a change in priorities and values in the hearts of us, the people. We are all involved in economic transactions almost every day of our lives. We buy and sell, we earn and spend, we produce and distribute and consume. Responsibility for our problems rests not on it, or on them, but the responsibility rests on you, and on me.

The economic system of free enterprise is an excellent system -- until we put sinful man into the system -- it is superior to any other economic system known today.

References

1. "Educational Task of Dordt College", 1961.
2. Gary North, 1973. An Introduction to Christian Economics, p. 211
3. Ibid.