



## **Economic Liberty Benefits the Least the Most**

Doug Bandow

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We live in a world of exploding opportunities and growing challenges. New technologies are transforming our lives. Despite intermittent economic and financial crises, residents of the West live better than any other people at any other point in human history. Many people in the East, and increasingly in Latin America and Africa as well, are joining them.

Yet tragedy still abounds in a world of plenty. Hundreds of millions of people live in immiserating poverty. Malnutrition and even starvation stalk some lands. The promise of development, opportunity, and prosperity seem beyond the reach of many people, including millions of Christians.

Jesus observed that the poor will be with us always ([Matt. 26:11](#)), which means our obligation to assist those in need also will be with us always. Our obligation is to all people, but particularly to those in the community of faith ([Gal. 6:10](#)).

### **The Global Impact of Economic Liberty**

Capitalism, or more fundamentally, economic liberty, has come to imperfectly dominate the global economy. Of course, that does not mean laissez-faire economics reigns everywhere. Even Western societies sport mixed economies with extensive government intervention through state enterprises, business regulation, subsidies, taxes, and redistribution programs.

Still, in these economies, you will see:

- Private firms provide the bulk of goods and services, and prices generally move unhindered, directing investment and consumption.
- People are largely free to choose their employment and the terms under which they are willing to work.
- Most economic decisions are decentralized and outside state control.

Increasingly, this model is being applied throughout the former Soviet states and third world, once models for various forms of state intervention and collectivism.

What all these relatively freer economies have delivered, despite periodic problems and even crises, is rapid economic growth, which is a relatively recent phenomenon. It is a direct result of increased economic liberty, and has proved to be of extraordinary benefit to humankind, especially the most vulnerable and poorest among us.

Ancient people were intelligent and creative, yet throughout most of history they made astonishingly little material progress. Only during the last two to three centuries has humanity flourished at an increasing rate. This is due to the rise of the capitalist, commercial society. Political, legal, and moral philosophies and institutions finally came to accept and then foster economic growth.

When scores of nations, led by the Soviet Union, took a Marxist detour in the twentieth century, their progress dramatically slowed. From the former Soviet Union and its satellites to revolutionary China and a plethora of state-led economic development systems in the third world, countries have practiced collectivist alternatives to markets, and uniformly failed. The dramatic collapse of the Soviet Union and the embarrassing failure of developing states brought many of these countries back, though often unsteadily, onto the capitalist path, and hence increased economic growth.

The lesson here is that good policies and institutions are essential for rapid economic growth. And *good* means market-oriented, though the specifics may vary based on circumstance and culture. Nothing else correlates: not resource endowment, religion, ethnicity, population, or history. Policy is most important, though other factors obviously affect people's response to policy.

### **How Should Christians Respond?**

Even many Christian critics of capitalism acknowledge the importance of economic liberty, yet they remain concerned about many aspects of a market-oriented society. All human institutions are imperfect, as they are created and managed by sinful human beings. Perhaps the most important question is the impact of capitalism on the poor. Do the manifold benefits of economic liberty reach those in greatest need?

In practice, capitalist-induced economic growth has been the most important force for poverty alleviation in world history. As Christians understand, material wealth is not the be-all and end-all of human existence, however:

- Only market societies have generated wealth sufficient to meet the basic human needs of entire populations.
- Only market societies have generated sufficient wealth to generate widespread and organized assistance for those unable to care for themselves.

- And only market societies have generated sufficient wealth to promote other important human objectives, including nutrition and health, environmental protection, and even human happiness.

Thus, explained theologian Wayne Grudem:

If you are a leader or have influence in a poor country, the focus, your sole laser focus on efforts to overcome poverty must be on this goal—you must increase the production of goods and services in your country.

Perhaps nowhere is this more obvious than the recent growth in China, where the poverty rate based on the United Nations Millennium Development Goal standard of \$1.25 per day fell from 81 percent in 1981 to 27 percent in 2004.

Although increasing economic success is a huge human benefit, it places new responsibilities on Christians. After all, the temptations of wealth, including turning money into an idol, are many.

Nor can cash erase other problems. For instance, while South Korea has enjoyed extraordinary economic growth, the McKinsey Global Institute noted,

South Korea also has the highest suicide rate among OECD [Organisation for Economic Co-operation and Development] nations. Its divorce rate has soared, and the fertility rate has fallen to the lowest in the OECD. These are symptoms of a society in stress.

Christians have a message for dealing with that stress. Nevertheless, Christians too should recognize and even celebrate the material gains generated by market capitalism, especially for the poor.

*Doug Bandow is a senior fellow at the Cato Institute, where he specializes in foreign policy and civil liberties.*