

# A Reformed Approach to Economics: Christian Reconstructionism

**T**he impact upon economic thought of the Protestant Reformation was seen across Western Europe, in England, and in North America in the sixteenth and seventeenth centuries. In particular, Christians guided by the teaching of the Reformer John Calvin approached their work, their finances, and their participation in civil life from a perspective they understood to be explicitly grounded in the law of God. They sought guidance in Biblical law regarding questions such as interest-taking on loans and the proper amount to pay for the laborer's wages. The first generation of New England Puritans went so far as to make Old Testament law binding upon their communities in these areas as well as in non-economic matters.

In recent years, some Christian thinkers in the Reformed tradition have advocated a similar approach to social and economic questions, utilizing the appellation of "Christian Reconstructionism." Moving beyond published works in the 1960s which were essentially critiques of modern philosophy, politics, and education, the Reconstructionist writer Rousas John Rushdoony produced *The Institutes of Biblical Law* in 1973. The *Institutes* extensively examined the Ten Commandments as the expression of God's law. Much in the vein of the New England Puritans, Rushdoony's work sought to develop the implications of Biblical law for modern economic and political institutions. Following Rushdoony's lead, other Reconstructionist writers in the past twenty years have generated a series of published materials advocating the application of Biblical law to a myriad of social questions.

The teachings of Christian Reconstructionism have been increasingly influential in recent years for evangelicals advocating social policy in various mainline denominations and independent churches. They have also induced a fairly strong and at times quite critical reaction both within and outside the Reformed community; among the sobriquets given to Reconstructionists are "triumphalists" and "the liberation theologians of the right."

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This survey begins with an examination of the methodology and key doctrines of Christian Reconstructionism. In the next section, the Reconstructionist critique of modern economic methodology is assessed. Some examples of Reconstructionist economic policy as derived from Biblical law are then outlined. Following that section, an evaluation of the Reconstructionist approach to economics is presented.

The study concludes with an annotated bibliography which covers many of the works of Christian Reconstructionists pertaining to economics, as well as selected other Biblical and theological studies. There are over 100 published books and journal volumes devoted to Christian Reconstructionism. Representative Reconstructionist writers include Rushdoony, Greg Bahnsen, David Chilton, Gary DeMar, and Gary North. Of this group, North is the one who has written the most on Christianity and economics (at least 35 books, and numerous journal articles), and thus his works will draw a large portion of the focus of this survey.

### I. Methodology and Principle Doctrines

Arguing that the Scriptures provide the only sufficient starting point in the defense of the faith, Reconstructionist writers turn to the apologetic methodology developed by the Reformed theologian Cornelius Van Til. Van Til advocated a presuppositionalist approach to apologetics, declaring that it is impossible to prove the validity of Christianity to unbelievers. Rather, as part of regeneration, the converted person comes to presuppose certain truths, including the validity and authority of Scripture. The Bible attests to its own truth. In turn, the truth of the Bible is the Christian's starting place in regard to every concern of life. It is the master lens by which the believer must perceive all the datum of created life. In one of his primary works on apologetics, Van Til wrote that

...the Bible, as the infallibly inspired revelation of God to sinful man, stands before us as that light in terms of which all the facts of the created universe must be interpreted. All of finite existence, natural and redemptive, functions in relation to one all-inclusive plan that is in the mind of God. Whatever insight man is to have into this pattern of the activity of God he must attain by looking at all his objects of research in the light of Scripture (*The Defense of the Faith*, p. 107).

Furthermore, Van Til contended that any Christian apologetic that conceded a measure of autonomy to non-Christian man in any area of life, however slight, was heretical.

Taking their cue from Van Til's apologetic method, Reconstructionists have sought to fashion a uniquely Biblical economic epistemology. North writes that "the first principle of Christian economics" is its dependence on Biblical revelation as a normative standard (*Unconditional Surrender*, p. 147). Reconstructionists insist that there are fundamental principles which are either explicitly stated in Scripture or can be derived from the Bible for numerous specific areas of life. Thus, Scripture teaches that God as Creator is the owner and governor of all creation. The orderly creation reflects an orderly, sovereign God. Men and women, created in God's image, have been given the task of subduing the earth and ruling over it. This is expressed in Genesis 1:26-28, the dominion covenant.<sup>1</sup> As stewards of the earth, we are to act as God's appointed contractors. The Bible supplies the blueprints for our actions.<sup>2</sup>

The notion of the dominion covenant supplies a second key element of Reconstructionist economics. The specific tasks involved in fulfilling the mandate of the dominion covenant are found in the rest of Scripture. Reconstructionists seek to explicate this Biblical teaching in their writings.

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fundamental doctrines of the authority of Scripture in every area of life and on the dominion covenant reflects the influence of the theological precepts of Calvin.<sup>3</sup> One example is found in Calvin's development of the implications of the dominion covenant for man's work. For Calvin, man's life in its entirety is understood as a response to the calling of God. Calvin sought to counter the medieval notion that a calling applied only to special areas, so-called "holy orders," for which a special consecration was needed. By way of contrast, Calvin stated in the *Institutes of the Christian Religion* that whether one labors in an obscure job or as a magistrate, one's work must be regarded as true service to God: "no task will be so sordid and base, provided you obey your calling in it, that it will not shine and be reckoned very precious in God's sight" (Book 3, 10, 6, p. 725).

In a related way Calvin placed great stress upon the worthiness of labor. Labor was given to man in the garden before his fall. Though now it involves toil and struggle, it is still part of the Lord's mandate for those made in His image. Calvin could not view work as payment for sin; instead, he understood work to be a divine vocation to which man is called. He opened up a way to see many varieties of occupations as callings to which men are particularly appointed by God and by which they may worship Him. Reconstructionists follow Calvin in seeing man's task as fulfilling the dominion covenant through devotion to God's particular calling.

Reconstructionists understand this task in terms of bringing the whole world under the rule of God's law. This understanding is derived from two other principle doctrines associated with Reconstructionism: its postmillennial eschatology and its theonomic approach to ethics. Postmillennialism contends that prior to the Second Coming of Christ, his kingdom will be manifested in a worldwide conversion to Christianity. The theonomic doctrine affirms that every detail of God's law as given through Moses is explicitly

binding on Christians today.<sup>4</sup> Reconstructionists who espouse theonomic postmillennialism assert that worldwide victory for the gospel will result in adherence by all nations to the standards found in Biblical law.<sup>5</sup>

Christian Reconstructionists are fond of contrasting their position with that of dispensationalism. Dispensationalists contend that only Old Testament laws repeated in the New Testament are binding today. Reconstructionists assert, however, that unless an Old Testament law is specifically abrogated, it is still obligatory. The New Testament has abrogated the ceremonial elements of the Mosaic law (such as animal sacrifices) since they were fulfilled in the life and ministry of Jesus Christ. The civil elements of the law are still binding today for Christians; indeed, they are binding as God's law for all nations.<sup>6</sup>

## II. Critique of Modern Economic Methodology

Reconstructionist writers have utilized Van Til's presuppositional apologetic as the basis for an extensive critique of the methodology of modern economists. Perhaps North overstates the case, but he has surely caught the essence of the modern economists' perspective on their own discipline: "The autonomy of economics as a science from 'metaphysics,' namely any revelation from God, is the hallmark of all contemporary economic practice" ("Economics," p. 78). Lionel Robbins supplies a good illustration of this viewpoint:

The economist is not concerned with ends as such. He is concerned with the way in which the attainment of ends is limited. The ends may be noble or they may be base. They may be 'material' or 'immaterial'—if ends can be so described. But if the attainment of one set of ends involves the sacrifice of others, then it has an economic aspect (p. 25).

Since the economist is entirely a technician, North notes that he "may only advise

men in terms of their stated ends.” North points out the logical conclusion of this neutrality:

I suppose the economist in Nazi Germany or the Soviet Union in the 1930’s would not have questioned the national ends of liquidation or mass imprisonment; he only would have examined the technical question concerning the least expensive way of accomplishing these ends (“Economics,” p. 80).

The autonomy of economics from ethical ends may lead to some perilous consequences.

Among those economists that are concerned with the role of reason in the social sciences, and who generally support the free market process of allocating resources, there are essentially two groups. On the one hand, the Chicago School wants economic theory to prove itself by its performance in making falsifiable predictions. Its approach to the discipline is empirical and inductivist. The Austrian School, on the other hand, focuses on purposeful human action. It is characterized by an *a priori* deductivist economics.

North offers a substantive critique of both schools. The Chicago School inductivism, in rejecting the significance of the validity of starting-point assumptions in economic analysis, loses rationality in its economic methodology. North argues that only the Christian doctrine of divine creation, with its emphasis on a system by which to comprehend facts (a system due to the counsel of God), can prevent economics from falling into pure irrationalism.

Moreover, North affirms that the Chicago School approach to economic epistemology flounders in attempting to evaluate the private and social costs associated with policy actions. Chicago School theorists desire to ground this evaluation on the untenable basis of interpersonal comparisons of utility. In addition, North has recently pointed out the difficulties in the attempt by Ronald Coase to establish his theorem on social cost on a value-free

basis. Coase argues for the economic efficiency of dealing with a negative externality such as environmental pollution on the basis of established and enforceable property rights. The initial arrangement of property rights is not pertinent to the establishment of the social costs of the external damage to the environment. North contends that Christians guided by Scriptural imperatives cannot focus on efficiency alone and ignore the issue of the initiation of the violation of property rights; this is a matter of “judicial equity” (*The Coase Theorem*, p. 45), which Coase is unwilling to consider. Coase’s work is thus

an example of the epistemological crisis of modern economics: grounded in the hypothetically value-neutral epistemology of modern economics, its conclusions are neither morally neutral nor consistent with the ideal of private property (*The Coase Theorem*, p. xvi).

North seems to be more sympathetic to Austrian economics. He applauds F.A. Hayek’s concept of purposeful action within a legal framework supportive of market processes (*Dominion Covenant*, p. 342). Hayek also affirms the need for morality as the foundation of the market system. But he cannot supply the basis for the moral foundation from his own system. Hayek can only proclaim his faith that market processes evolve in a way that best serves man. Reconstructionists contend that Christian economics alone has both the source of rationality and a moral foundation. Non-Christian defenses of the market invariably fail:

Without the presupposition of the dominion covenant, and the revelation of God’s design for economic institutions and relationships, there can be no logical, consistent, reliable, self-attesting science of economics, whether deductivist or inductivist (logical or empirical) (*Dominion Covenant*, p. 355).

North has made a significant contribution to modern Christian social philosophy by

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emphasizing the drawbacks of non-Christian approaches to economics. Outside of the Reconstructionist literature, one searches in vain for more than a handful of thoughtful, Biblically-based critiques of non-Christian economic methodology.

**III. Economic Applications of Biblical Law**

To understand Reconstructionist economics we must consider the law given by God to Israel. The Ten Commandments declared at Mount Sinai are the fundamental elements of the Mosaic Law. Rushdoony has carefully argued that the case laws of the Old Testament are specific examples of applications of the Ten Commandments (*Institutes of Biblical Law*, pp. 10-12).<sup>7</sup> Thus the commandments prohibiting theft and false witness (Exodus 20:15,16) have some specific case law applications found in the Pentateuch which apply to economics. These include the regulations of scales and measures and multiple indebtedness.

I will consider several examples of the Christian Reconstructionist application of the Mosaic Law to our modern economy. They include the elimination of fractional reserve banking and the promotion of monetary stability through the abolition of the governmental monopoly over the money supply. Also discussed are the Reconstructionist approach to the law of Jubilee and its application to questions of the distribution of wealth and poverty. It should be emphasized that Reconstructionists understand Biblical law to be coherent, intelligible and apposite for economic matters; it is not opaque, nor too complex for modern application.<sup>8</sup>

**Monetary Economics**

Christian Reconstructionists have addressed the question of the proper monetary system for an economy. North stresses the role of private decision-making in regard to the medium of exchange in ancient Israel. Gold and silver coins served as the monetary units. This

system evolved out of the choices made by merchants and consumers regarding the desirability of using these metals (first as ingots, and later as coins) for exchange. The decision was not mandated by governmental officials. As North observes, "The state only affirmed what the market had created. It collected taxes in gold and silver. It thereby acknowledged the value which market forces has inputted to gold and silver. But the state didn't create money" (*Honest Money*, p. 22). North recognizes that "the state's decision about what to tax clearly had an influence on the kind of money people accepted, but that decision was tied to the existing kind of money that was already being used by the people" (*Honest Money*, p. 24).

As money, gold and silver were measured in *shekels* and *talents*. These were both units of weight and monetary units. North notes that "standards of weight made it possible for people to test the full weight (precious metal content)..." (*Honest Money*, p. 34) of the gold and silver ingots. This was significant because Israel was told by Yahweh that sellers were to be honest in their dealings:

You shall do no injustice in judgment, in measurement of length, weight, or volume. You shall have just balances, just weights, a just ephah, a just hin. I am the Lord your God, who brought you out of the land of Egypt (Leviticus 19:35-36).

Later in Israel's history, the author of Proverbs affirmed that "A false balance is an abomination to the Lord, but a just weight is his delight" (11:1). In the Old Testament balances referred to scales. Weights, ephah, and hin were forms of measurement. The party defining the weights is not named in these passages. Much like the widespread use of gold and silver, certain weights and measures had simply come to be standard. Sellers were to have accurate balances and weights according to the commonly accepted standards. North argues that since honest scales were basic to just commerce, the

regulation of scales was basic to the ministry of justice.

Injustice was perpetrated by misrepresentation of the value of an Israelite household's purchase or the worth of a farmer's grain as sold to a wholesaler. This practice was facilitated by the decline of barter and the rise of money as a medium of exchange. North observes that "When people started bringing metals to the marketplace, it became easier for sellers to use dishonest scales" (*Honest Money*, p. 30). Thus fraud in weights was essentially fraudulent money.

The poor in particular were victimized by dishonest balances. They were least able to protect themselves and they suffered the most from the consequences of dishonest measures, as the prophet Amos affirmed. In Amos 8:4-6 we read

Hear this, you who trample the needy, to do away with the humble of the land, saying, 'When will the new moon be over so that we may buy grain, and the sabbath, that we may open the wheat market, to make the bushel smaller and the shekel bigger, and to cheat with dishonest scales, so as to buy the helpless for money and the needy for a pair of sandals, and that we may sell the refuse of the wheat?'

God declares he will bring judgment on Israel for this practice.

The Biblical injunction for a consistent monetary standard raises some important questions. One of the functions given to our central bank in the Federal Reserve Act is "to furnish an elastic currency." Reconstructionists ask, is this consistent with the Biblical notion of unchangeable weights and measures?

Furthermore, Reconstructionists question the practice of currency debasement in relation to the creation of money. In ancient Israel, coins were fashioned out of gold and silver ingots. An ingot would contain a specific quantity of gold or silver of a known fineness. To tamper with either the weight or the fineness of the coin

would be fraudulent. It would be the equivalent of tampering with the scales (*Honest Money*, p. 33).

North points to the statement of Isaiah to Israel, given in prophetic judgment: "Your silver has become dross, your wine mixed with water" (Isaiah 1:22). The prophet was condemning the spiritual condition of the people, who "were corrupt in their hearts" (*Honest Money*, p. 39). Isaiah pictures this by pointing to the use of dross. Dross was cheapened metal, which in ancient economies was found to be mixed with the silver or gold in an ingot. It would be added in to the gold before it was shaped into coins. Obviously one could produce many more "gold" coins this way.

This practice marked the beginning of inflation. Buyers and sellers were passing dross-filled silver or gold coins as if they were of the standard quality. More and more of these coins would flood the market, and prices in the economy would rise.

North points out that in 1965 the U.S. monetary authorities formally substituted silvery plated copper coins in place of silver currency. North argues that then the silver became "entirely dross" (*Honest Money*, p. 42).

In general, the phenomenon of currency debasement stems from the state's monopoly power over the production of money. This problem extends as well to the power of the federal government to issue fiat money. With no limits on the issuance of paper money, the purchasing power of the dollar suffers tremendously. The result is an economy suffering through inflation.

Reconstructionists have discussed the gold standard as a remedy to the problem of the state having the power to print unlimited amounts of paper money. Such a provision might involve requiring "the state to define its official currency in terms of weight and fineness of gold, and then to buy and sell gold at this defined price" (*Honest Money*, p. 107). In North's view this approach opens the door for state control

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over the money supply. He declares that "A traditional gold standard is better than a fiat (unbacked) money standard, but it transfers too much sovereignty to the state." What would be preferable would be to "have the state policing private issuers of gold and warehouse receipts to gold, and then to collect its taxes in a specified form of private currency" (*Honest Money*, p. 107). According to this policy, private individuals will freely determine which form or forms of money become most acceptable.

A second criticism of modern monetary systems focuses on fractional reserve banking. Banks make loans based on reserves which are only a fraction of the bank's deposits. Fractional reserve banking facilitates the practice of multiple indebtedness on the part of banks.

North argues that multiple indebtedness violates Biblical law. In Exodus 22:26-27 there is a requirement laid upon the lender to return items needed for survival (such as a cloak which functioned as covering for the evening) which have served as the borrower's collateral. North observes that borrowers could potentially utilize the garment as collateral with other lenders unless the original lender kept the item during daylight hours. This would prohibit the creation of multiple loans based upon a solitary item of collateral; thus, "...by permitting the lender to demand half a day's collateral, Biblical law reduces the temptation on the part of borrowers to commit fraud" (*Tools of Dominion*, p. 739).

Of course, in contemporary banking systems, depository institutions create a multiple of new loans and deposits based on initial deposits into the banking system. North affirms that this violates the Biblical injunction against multiple indebtedness.

It is possible to consider then some of the guidelines for a monetary system which follows Reconstructionist principles in regard to the medium of exchange, deposits and loans. We can sketch the basic outlines following North's sugges-

tions. First of all, "there would be no state or Federal charters for banks. The state-granted monopoly of money creation would end...Only one legal rule would restrict banking: no fractional reserves" (*Honest Money*, p. 108). North discusses an example in which reserve requirements are increased by 5% annually, and notes the deflation and its consequences which would ensue (*Honest Money*, p. 128).

Second, deposits made in banks would be made for one of two types of accounts. One account would hold funds for which there would be no interest paid, but upon which the depositor could write checks. Banks might profit by charging a fee for this privilege (*Honest Money*, p. 108). The other depository account would serve as the basis for loans, which could be made for "a specified period at an agreed-upon rate of interest" (*Honest Money*, p. 108).<sup>9</sup> North adds that "There would be no provision for early withdrawal by the depositor," thus preventing violation of the law against multiple indebtedness, for "Two people cannot write checks on the same deposit, depositor and borrower" (p. 108). In this way

Every transaction would be time-specific. There would be no long-term loans without long-term lenders. This would protect the banking system from bank runs. It would also protect the community from money being created by fractional reserve bankers (*Honest Money*, p. 109).

Government regulation of banking would still be relevant for imposing penalties for those who "tamper with the scales" (*Honest Money*, p. 103). North explains that "Government bank examiners would check the banks in the same way that they check scales of retail sellers. They would see to it that every loan had a corresponding deposit" (*Honest Money*, p. 109). In this way the monetary system would be protected from multiple indebtedness.

North and other Reconstructionists contend that the laws stipulating no false

balances and prohibiting multiple indebtedness are still binding as righteous standards upon which modern monetary systems should be based. They have not been abrogated by the New Testament.

#### Additional Applications of the Law

Christian Reconstructionism finds other significant applications of Biblical law in regard to private property, pollution, debt, labor, economic growth, taxes, and charity. In general, they argue that these applications not only are compatible with capitalism but provide the necessary structural foundations of a capitalist system. This is particularly true with regard to the legal aspects of a market-based economic system. North states that

Specific aspects of the legal system, such as the honoring of private contracts, the respect for private property, the non-discriminatory nature of the tax system, and the restriction of civil government to the preservation of order, primarily by preserving public peace and preventing private fraud and coercion, have made it possible for capitalism to flourish. All of these aspects are basic to Biblical law (*Moses and Pharaoh*, p. 214).

North then goes on to list four principles of Biblical law derived from the case-law applications which are integral to the stability and preservation of a capitalist economy:

First, the concept of the covenant between God and man undergirds the right of private contract. Second, the commandment against theft is basic to the extension of the rights of private property. Third, the tithe, as a fixed percentage of a man's income, preserves the non-discriminatory nature of taxation. Fourth, the enforcement of honest weights and measures is indicative of the Bible's view of the civil government as essentially a restraining institution, not a positive, initiating force in economic development, and certainly

not a coercive agency of wealth redistribution (*Moses and Pharaoh*, p. 214).

Reconstructionists desire a transformation of the state's role in modern microeconomic and macroeconomic policy. Further examples of structural changes based on these principles (beyond those discussed in relation to the monetary system) include the implementation of a proportional income tax system, and elimination of governmental transfer payment arrangements which serve as redistributive mechanisms (North, *The Sinai Strategy*, pp. 171-176).

Reconstructionists are unequivocal in calling for the dismantling of the welfare state and the administration of aid to the poor through private means. North argues that provisions for widows, the fatherless, and strangers are morally mandated by Biblical law:

To protect these groups, Biblical law imposes morally mandatory forms of giving on the part of neighbors. But there is no civil sanction attached to the moral obligation. Biblical civil law does not compel people to do good things for others; it imposes sanctions on those who do evil things to others. Biblical civil law is therefore a barrier to the creation of a state-funded, state-mandated welfare system (*Tools of Dominion*, p. 686).

Reconstructionists and others sympathetic to their position have challenged the Church to rethink its position on welfare and offered provocative examples of private eleemosynary actions by Christians (cf. Grant, *Bringing in the Sheaves*).

Non-Reconstructionist Christian thinkers have utilized the Old Testament as a source of appeal for wealth redistribution by the state. Ron Sider, for example, sees the law of Jubilee which returned land in Israel to its original owners every fifty years as a model for structural change needed in modern capitalist economies. Sider contends that if Christians would

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model this principle, secular governments would likely follow the example (pp. 110-112). There would be a dramatic improvement in the alleviation of poverty.

Interestingly, the Jubilee law is an example of an Old Testament law which Reconstructionists claim did not have poverty alleviation as its primary intention and is no longer binding according to the New Testament. Chilton writes that

Shocking as it may seem, the law of the Jubilee was not a Poor Law. That is, its primary intent and function had nothing to do with the alleviation of poverty. Certainly, it did affect the status of certain poor people. But that was only incidental to its true purpose (p. 94).

Reconstructionists argue that the primary purpose of the law was to preserve the ownership of land in the hands of the families of the twelve tribes of Israel and not outside their hands in the ownership of Gentile resident aliens. Its function also was to “keep the nation politically and economically decentralized.” This was done by prohibiting “the consolidation of rural land by the Levites or the king” (North, *Tools of Dominion*, p. 229).

With regard to the second claim, North contends that the Jubilee law, along with the laws dealing with foreign slavery, has been fulfilled by the ministry of Jesus Christ, as indicated in Luke 4:16-21. North writes that “This means...that the Old Testament’s ten-generation slave system for foreigners has been legally abolished. It also means that the land tenure laws of ancient Israel are legally abolished” (*Tools of Dominion*, p. 718). Now the ownership of the Kingdom of God has been transferred to the Gentiles; it is no longer “uniquely connected to the land of Palestine...The Jubilee’s land-release system is therefore no longer judicially relevant in history, except as a type of Christ’s redemptive work in history” (*Tools of Dominion*, p. 229). North does not discuss the possible economic relevance of Jubilee for us today, and that raises some interesting questions

regarding the Reconstructionist hermeneutic which call for further evaluation.

#### IV. Evaluation

Several observations can be made regarding the approach to economics found in Christian Reconstructionism. Reconstructionist writings have drawn a lot of critical comments in Christian circles, some of which are not substantiated by a careful reading of Reconstructionist works. One simplistic criticism of North’s approach is that he has baptized Austrian thought (or Chicago-school economics) and presented it as “Christian Economics.” One is tempted to make this claim because of the many similarities to Austrian policy found in the reconstructionist literature: the call for privatization of money, the limitation of government activity in relation to the economy, and more broadly speaking, a general endorsement of free-market capitalism. Such a criticism ignores North’s extensive philosophical critique of Ludwig von Mises’ value-free economics, Hayek’s arguments on the rule of law, Coase’s epistemology in relation to his famous theorem, and so on. In his critique, North makes a valuable contribution toward the formation of a Christian approach to economics by distinguishing Christian economic epistemology from libertarian defenses of capitalism which purport to be methodologically neutral or value-free.

The alternative position Reconstructionists set forth accepts the modern economic notion of the self-interested nature of man, yet rejects the methodological distinction between facts and values. Most modern economists believe that values are not subject to analysis. North argues that “The uniqueness of Christian economics is that the Christian economist has specific, concrete Biblical revelation concerning the limits of economic theory and practice” (*Introduction to Christian Economics*, p. vii). North could go further in his critique of the role of the fact-value distinction in economics. What are the limits of eco-

conomic theory according to Biblical values? To what extent does the under-girding principle of rational self-interest in modern economic analysis become idolatrous (e.g., in the form of economic imperialism)? What are the limitations of analysis based on this principle? Can we reduce all of life to rational self-interested behavior? The Reconstructionists could make a powerful contribution to dialogue among Christian economists on these questions.

Reconstructionists have stimulated the thinking of Christian economists regarding the applicability of Biblical law to modern economies. They have done so in the framework of an argument which considers the Christian approach to economics essentially to be the Reconstructionist approach. North and the other Reconstructionists often recognize only the other Reformed approaches and Anabaptist approaches as remotely legitimate models, and do not consider even these models consistently Biblical. They tend to ignore or dismiss Lutheran and Roman Catholic works on economics. In general, this tendency seems to be part of a broader weakness of hubris and condescension which is manifested at times in the tone of Reconstructionist writings. Economists may be taken aback by the sharp, at times vitriolic language aimed by Reconstructionist writers such as North and Chilton towards other Christian economists and theologians as well as unbelievers.<sup>10</sup>

Reconstructinists have interacted with other economists within the Reformed camp on issues of monetary economics. For example, another economist who is a Reformed Christian, Douglas Vickers, has criticized the Reconstructionist approach for focusing on the form money takes. Vickers says the issue should be its functional efficiency. He agrees with North's contention that inflation is immoral, but disagrees with the claim that "unbacked paper money' is immoral" (p. 241). Inflation is not due to paper money or a fractional reserve banking system.

In regard to Isaiah 1:22, Vickers acknowledges that currency debasement was a form of exploitation and theft. But he writes that North makes an error in understanding this passage, for North claims, according to Vickers, that "because money in Isaiah's time was frequently in the form of metallic ingots changing hands by weight, money should therefore always and only be of this form" (p. 245). Vickers argues that the issue is not which form of money will maintain its value, but rather the justice by which the monetary system is directed. We have a fallen economic system which tends naturally to instability. The issue is, how are growth and stability to be best maintained? (p. 243). Thus Vickers believes that our concern should be with what determines the need for a money supply adequate for the economy to perform at a satisfactory level. We should give monetary policymakers discretion to supply the proper amount of money to ensure full employment and economic growth.

Vickers' central contention is that the fall of man into sin has affected every area of economic life. The presence of sin means economic disharmony. The invisible hand of individual economic interest cannot be counted on to bring about society's best interest. We must have government inter-vention to remedy market actions where they fail. Government direction, if used wisely, can insure greater economic stability.

My sense is that Vickers has pointed out one significant way in which the Reconstructionist approach does not fully consider the implications of the fall for market failure, especially at the macro-economic level. Reconstructionists should consider more carefully how economic policy could be shaped to deal with unemployment, as well as inflation.

Nonetheless, one could still argue that Vickers has misinterpreted the monetary policy reforms of the Reconstructionists. This is the case made by Ian Hodge in his response to Vickers' defense of Keynesian

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economics (*Baptized Inflation*). Hodge points out that

The idea is not to search for an economic good with fixed value, and select only this as money... Rather, the idea is to find a commodity which governments and bankers will find difficult and expensive to counterfeit (p. 170).

Hodge and North essentially contend that there is no insurance that government policymakers will act in society's best interest. We have no reason to expect that the concentration of power in the policymaker's hands (the Federal Reserve and Congress) will improve on the workings of the market. Government monopoly has produced more economic instability as compared to periods when control over the money supply was determined by the market. Economic instability in the twentieth century has resulted from policy blunders by policymakers, not market failure. In short, Reconstructionists wisely point out the pitfalls of government failure in attempts to implement macroeconomic policy to promote full employment.

In sum, I believe there are several critical questions that Reconstructionism must address. They must more carefully delineate the Old Testament laws that are abolished by the New Testament and the exegetical basis for their position in this regard. They must consider more extensively the issue of the context of the ancient agrarian economy of Israel in which the Mosaic law was given. There is more work to be done to convince fellow Christian economists of some of the specific exegetical conclusions they reach (in regard to monetary reform as well as other policy applications). Indeed, Reconstructionists must engage the larger debate among Christian economists over the propriety of either a thematic or specific exegetical approach to applying Scripture to economic issues. And finally, there is the core issue of the nature of our relation to the Mosaic law today: in what sense is it binding in full detail, or instructive for us

as Christians? With regard to the laws that are no longer binding, are they still economically relevant in some sense?

Other Christian economists also focus on the applicability of the Mosaic law to modern economies. They see the Christian's obligation today being to "grasp the spirit or *purposes* of Biblical instructions" and then to "seek to fulfill those purposes today, and not necessarily to lift the exact institutions of the Scriptures out for contemporary implementation" (Mason, p. 13, n. 21). To cite one example in regard to property, consider that the laws governing land in the Old Testament reflect the family-centered nature of ownership, a principle North recognizes (*Introduction to Christian Economics*, p. 214). The Old Testament scholar Christopher J.H. Wright has published two important works developing this theme not only regarding the land, but also Israel's covenant relationship to God and among the Israelites themselves (1984, 1990). Yet Wright argues from the standpoint of seeking to implement the "principles which have universal validity" undergirding the ancient Israelite institutions, not the specific institutions themselves. Some Christian economists, utilizing this same position, still find economic relevance in the Jubilee principle. Mason makes a cogent argument for its application today:

The two clear functions that the unique institution of Jubilee in Lev. 25 (the land return) achieves are: (1) to restore a privately-owned productive base to those Israelite families who had been forced by circumstances to sell their land; and (2) as a result of this for productive property to become less concentrated in ownership (p. 14).

Mason's paper on the relation of Jubilee to the issue of human capital is a fine example of wrestling with the economic relevance of the Old Testament laws for today.

Even if one does not accept the key principles of Reconstructionism regarding the Mosaic law, there are still great benefits for Christian economists in attempting to grasp the underlying purposes of the economic institutions of Israel and contemplating their application today. We should consider that Moses declared to Israel, "What great nation is there that has statutes and judgments as righteous as this whole law which I am setting before you today?" (Deuteronomy 4:8). Christian economists would find great value in pondering the righteous purposes of the laws given by the Creator and their application to His creation.

#### ENDNOTES

- 1 Some Reconstructionist thinkers contend there is a basic five-part structure to all Biblical covenants: Transcendence/immanence, authority/hierarchy, ethics/dominion, judgment/sanctions, and inheritance/continuity. North argues this Biblical covenant model, exemplified in the Pentateuch, is a crucial element in Reconstructionist thinking. North applies this model to the first three chapters of Genesis in *The Dominion Covenant* and to the Ten Commandments in *The Sinai Strategy*.
- 2 This is the basis for the 10-volume *Biblical Blueprints* series which Gary North has edited (and authored 4 of the volumes).
- 3 As noted by Roland Hoksbergen in his article on the Kuyperian tradition of economics in the Fall 1992 *Bulletin*, Calvin's influence upon nineteenth-century Dutch Reformed theology was manifested in the writings of Abraham Kuyper, who in turn was an important source for both Herman Dooyeweerd and Van Til.
- 4 The fullest statement and defense of this thesis is found in Bahnsen's *Theonomy in Christian Ethics*. A critique and interaction with Bahnsen's thesis is found in Barker and Godfrey, eds., *Theonomy: A Reformed Critique*. Recently there has been a counter-response by theologians in Gary North, ed., *Theonomy: An Informed Response*.
- 5 Some theologians are amillennial in their eschatology and do not share the Reconstructionist optimism regarding the future submission of all the nations to Biblical law prior to the Second Coming of Christ.
- 6 Bahnsen highlights Biblical support for the proposition that Gentile nations are judged for their disobedience to the prescriptions of the law given to Israel (*Theonomy in Christian Ethics*, pp. 356-359, 363-364). Kenneth Gentry notes that God judged pagan nations through the prophets for violations of economic aspects of the case law, including trade in slaves (Amos 1:6; cf. Exodus 21:16; Deuteronomy 24:7) and abuse of loan pledges (Habakkuk 2:6; cf. Exodus 22:25-27; Deuteronomy 24:6,10-13) ("Church Sanctions in the Epistle to the Hebrews," in *Theonomy: An Informed Response*, p. 181, n. 45).
- 7 James Jordan has explicated the law of the covenant as given in Exodus 21-23 utilizing Rushdoony's argument in *The Law of the Covenant*.
- 8 North states that Biblical law as given to Israel was "not so complex that only lawyers in specialized areas could grasp its principles. The case laws, such as the prohibition on muzzling the ox as he treaded out the corn, brought the general principles down into concrete, familiar terminology" (*Free Market Capitalism*, p. 38).
- 9 Reconstructionists note that the Old Testament forbids lenders from making interest-bearing loans to fellow believers who are poverty-stricken (Exodus 22:25; Leviticus 25:35a, 36-37). But the Scriptures do

not condemn all lending at interest. Reconstructionists point to Deuteronomy 23:19-20, which allows lending at interest to those outside of the covenant community.

- 10 One writer who is in essential agreement with the Reconstructionist position has lamented this aspect of their approach; he has exhorted Reconstructionists to repentance in this area, and to present their case with Biblical humility and gentleness (cf. Wilson, *Law and Love*). North acknowledges that critics are disturbed by Reconstructionist "arrogance" but derides this claim by stating that "arrogant" is their code word for "confident belief in things we disagree with" (*Dominion Covenant*, p. xxvi). The validity of this response is questionable, given that there has been constructive criticism from others who uphold the authority of Biblical law for today and are concerned that their position is undermined by certain Reconstructionist tactics. Wilson believes that
- ...unless there is repentance, the worthy emphasis on ethics found in the Reconstructionist movement is doomed in the long run. And why doomed? Because the law of God cannot be kept by people who think that arrogant boasting is a virtue. Sooner or later, some other aspect of God's law will also be set on its head and ignored (*Law and Love*, p. 10; emphasis in the original).

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