The Market Economy
Its Practice and Its Problems

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World Per Capita GDP
10000 BCE - 2003 CE (1990 International Dollars)

Figure 1.1  World economic history in one picture. Incomes rose sharply in many countries after 1800
Why Increases in Human Well-being?

- Recognition of human equality as expressed in the Image of God
- Strong but limited government
- Rule of law
- Well defined and enforced property rights
- Contract enforcement
The Implications of the Modern, Market Economy

- Substantial wealth creation is possible. The market economy has resulted in enormous poverty reduction.
- Economic signals expand the opportunities to serve others through work.
- A moral framework is essential for evaluating market signals.
Moral and Ethical Concerns

- The thinning of important institutions
- A distorted view of work
- Inequality and poverty
The Thinning of Institutions

- The “ease of exit” is an important element of economic opportunity and an important check on exploitation and domination.

- The “ease of exit” also reduces commitment to important social relationships and institutions.

- The family, the church, and the community are important institutions for the maintenance of social capital.
A Distorted View of Work

- Viewing wages as the measure of one’s worth
- Seeing work as simply a means to an end — wealth and leisure time
- Work is to be avoided or minimized
- Workaholism
The Biblical Alternative

- Work is an important arena for serving others, for discovering and exercising our gifts, and for finding meaning in earned success.

- The proper purpose of work is a crucial part of the biblical narrative.
Inequality and Poverty

- Inequality is not the same as poverty.
- Inequality is a poor proxy for what we should really care about, the hardships that some people face.
- Steve Jobs -- annual earnings -- $130 million
  - wealth -- $6.7 billion
- J. K. Rowling -- wealth -- $1 billion
- Bill Gates -- wealth -- $72 billion
- Steve Jobs -- annual earnings -- $130 million
  - wealth -- $6.7 billion
  - 11 inch Macbook Air - $899.00
- J. K. Rowling -- wealth -- $1 billion
  - Harry Potter and the Sorcerer’s Stone - $6.59
- Bill Gates -- wealth -- $72 billion
  - Microsoft Office 2013 - $219.99
Exhibit 1.9: Economic Freedom and the Income Earned by the Poorest 10%, 2011

The amount of income, as opposed to the share, earned by the poorest 10% of the population is much higher in countries with higher economic freedom.

Annual income per capita of poorest 10% (US$2011), 2011

<table>
<thead>
<tr>
<th>Category</th>
<th>Income</th>
</tr>
</thead>
<tbody>
<tr>
<td>Least Free</td>
<td>$932</td>
</tr>
<tr>
<td>Third</td>
<td>$1,779</td>
</tr>
<tr>
<td>Second</td>
<td>$3,792</td>
</tr>
<tr>
<td>Most Free</td>
<td>$10,556</td>
</tr>
</tbody>
</table>

Poverty

- The problem is a lack of dignity and right relations.
- Enabling the poor to participate in the world of work is a crucial component of poverty reduction.
WHEN HELPING HURTS
How to Alleviate Poverty without Hurting the Poor... and Yourself

STEVE CORBETT and BRIAN FIKKERT

Forewords by John Perkins and David Platt
Moral and Ethical Concerns

- The thinning of important institutions
- A distorted view of work
- Poverty