

# The Market Economy Its Practice and Its Problems



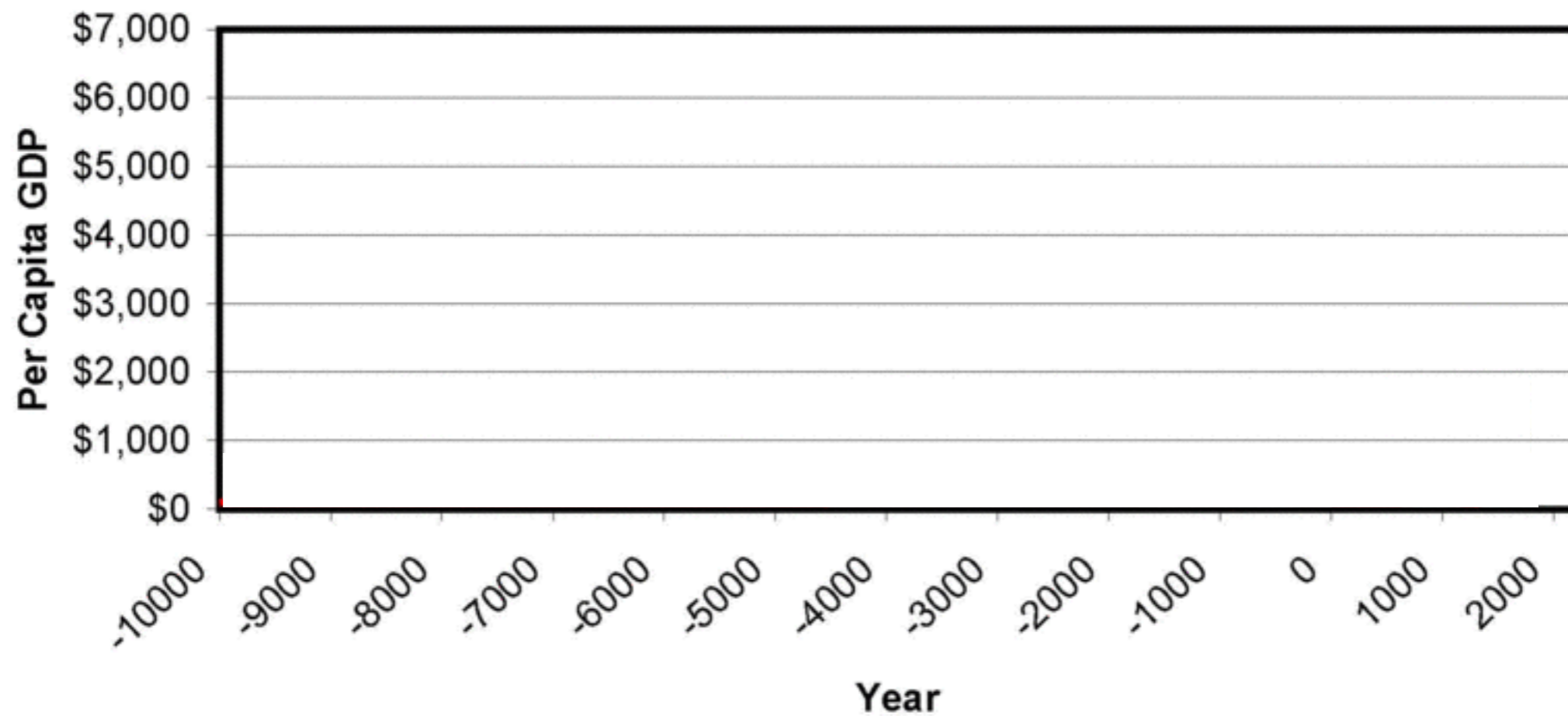
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Senior Fellow, Property and Environment Research Center  
Bozeman, Montana*

# World Per Capita GDP

## 10000 BCE - 2003 CE (1990 International Dollars)

— Brad DeLong — Angus Maddison



**Source:** J. Bradford DeLong, "Estimating World GDP, One Million B.C. - Present" [http://www.j-bradford-delong.net/TCEH/1998\\_Draft/World\\_GDP/Estimating\\_World\\_GDP.html](http://www.j-bradford-delong.net/TCEH/1998_Draft/World_GDP/Estimating_World_GDP.html). Accessed Mar 5, 2008; Angus Maddison. "Contours of the World Economy, 1-2030 AD: Essays in Macro-Economic History." New York: Oxford University Press, 2007. 382.

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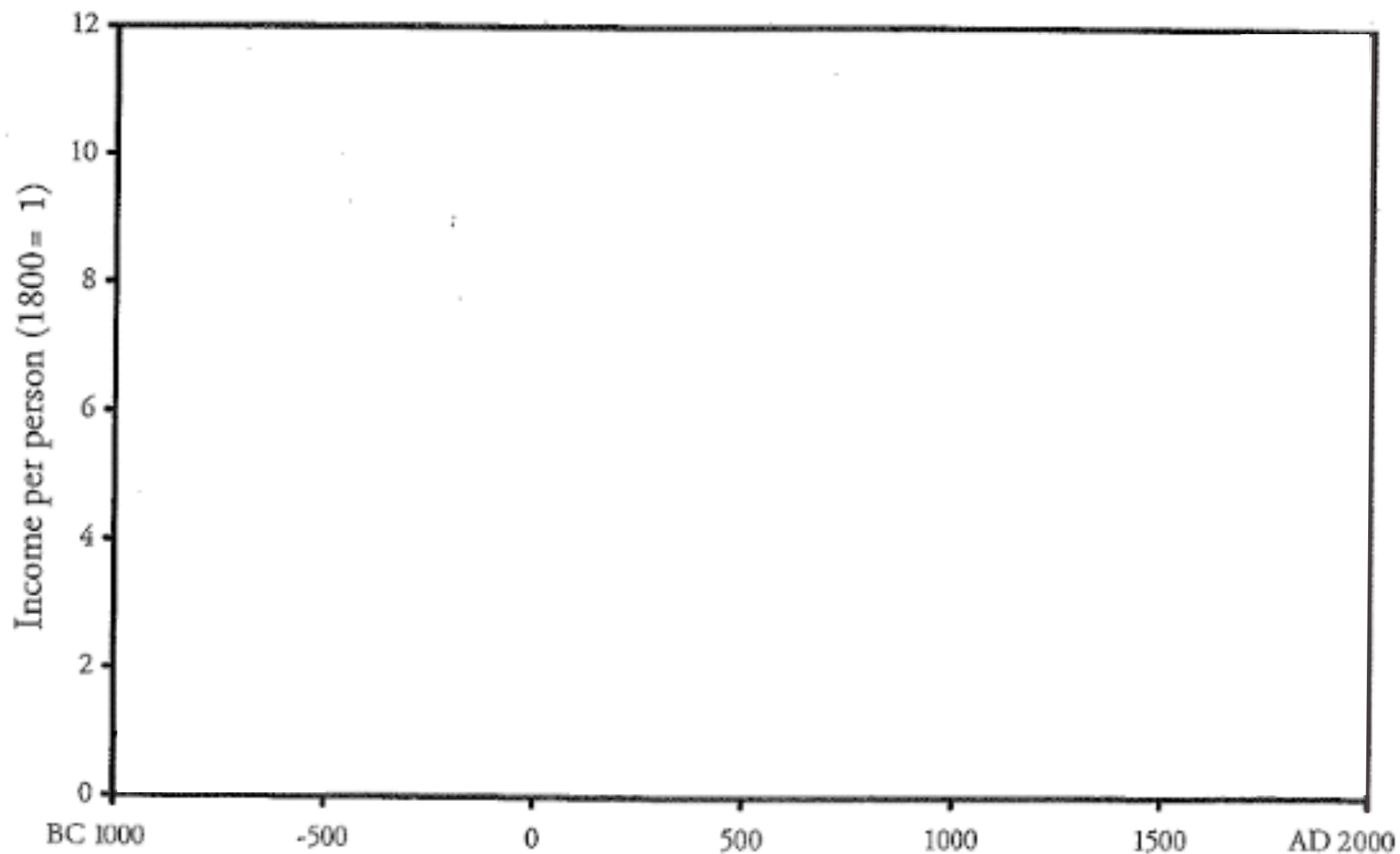


Figure 1.1 World economic history in one picture. Incomes rose sharply in many countries after 1800

# Why Increases in Human Well-being?

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- ❖ 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

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- ❖ 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

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

# The Thinning of Institutions

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- ❖ 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

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- ❖ 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

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- ❖ 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

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- ❖ 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.

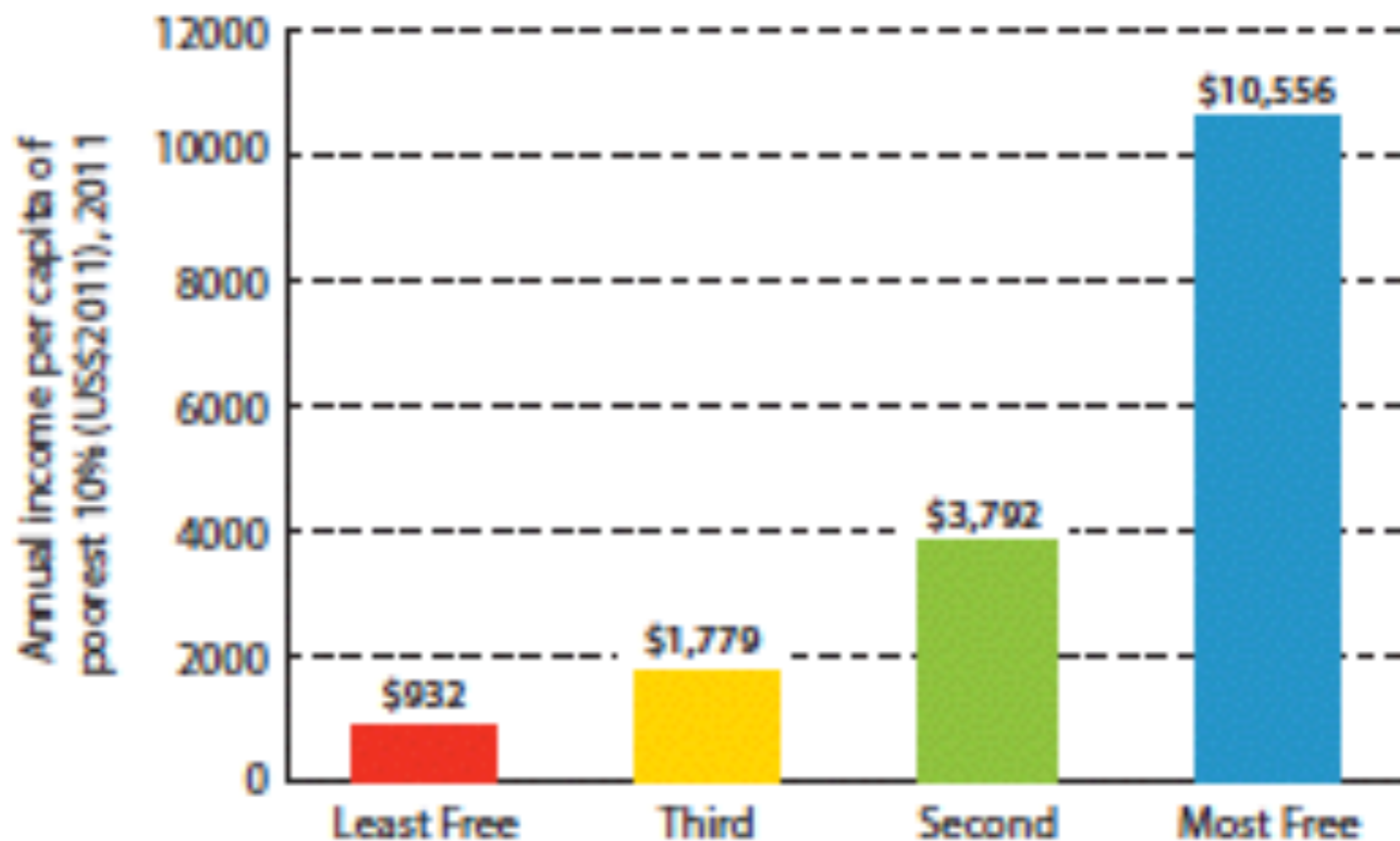
- ❖ Steve Jobs -- annual earnings -- \$130 million
  - ❖ wealth-- \$6.7 billion
- ❖ J. K. Rowling -- wealth -- \$1 billion
- ❖ Bill Gates -- wealth -- \$72 billion

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  - ❖ 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.*

Sources: Fraser Institute, *Economic Freedom of the World: 2013 Annual Report*; World Bank, *World Development Indicators 2013*.



# Poverty

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- ❖ 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*

*Our challenge*

# Moral and Ethical Concerns

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