

The Poverty of Nations: A Sustainable Solution (Crossway, 2013)
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Chapter Seven "The Government of the System"

Summary: *If a country is going to move from poverty toward ever-greater prosperity, its leaders must use government power for the benefit of the people as a whole rather than for themselves.*

- a. *The civil authority "is God's servant for your good" (Rom 13:4).*
- b. *Government corruption is a significant cause of poverty.*
- c. *The Bible's teachings provide amazing wisdom about how governments should be set up and function.*

A. Protection against corruption in the government

1. Rule of law: all people are equally accountable to the laws
 - a. This is the most basic guarantee that leaders will use their power for the benefit of the people as a whole.
 - b. Must also include the idea that the law has moral authority.
 - c. Biblical example (2 Samuel 11-12); Recent example in Honduras with the removal of President Zelaya (2009).
2. Fair court system: courts show no favoritism or bias, but enforce justice impartially
 - a. The courts are the primary means for guaranteeing that everyone in a nation is subject to the rule of law.
 - b. The Bible strongly emphasizes that judges must be fair and not pervert justice (Deut 16:18-20; Ex 23:3).
3. Absence of bribery and corruption in government offices
 - a. Again and again in the Bible officials are warned against taking bribes.
 - i. Ex 23:8; Pss 26:10; 82:2; Prov 15:27; 17:23; 24:23; Isa 33:15; Ezek 22:12.
 - b. Government officials should be reasonably compensated for their service, but laws should prevent them from becoming wealthy through 'gifts' or promises received while they are in office.
 - c. Bribery and thus corruption have enormously hindered economic development in Eastern Europe, pre-British India, and in many African societies.
 - i. Similar corruption is common in communist countries generally and in many Islamic countries.
 - d. The OT wisely warned against a powerful official such as a king becoming wealthy while in office (Deut 17:17).
 - i. Positive examples: Samuel (1 Sam 12:3-4); Paul to Timothy (1 Tim 5:21)
4. Adequate power of government
 - a. Governments must have enough power to maintain their own stability.
 - b. Italy, Spain, and Portugal and similarly Latin America in the 19th century experienced the problems of instability.
 - c. Acemoglu and Robinson emphasize that a "lack of centralization" in a government leads to disorder and poverty.
 - d. The Bible recognizes the evil that results when there is no effective government and anarchy prevails.
 - e. Judges 17-21 shows what happens when there is no effective government at all (Judg 17:6; 18:1; 19:1; 21:25).
5. Limited power of government
 - a. The power of a government must be limited enough so that it does not take too much freedom from the people.
 - i. Tradeoff between government power and individual freedom. (greater power = greater potential of corruption)
 - b. Historical examples of governments preventing economies from growing (China, Russia, African nations).
 - c. In the United States there are many provisions in the Constitution designed to limit the power of government:
 - i. 1) Freedom of speech, freedom of the press, freedom of religion, and freedom of assembly, 2) Freedom to petition the government for redress of grievances, 3) Right to bear arms, 4) Term limits for the office of president, and 5) Regular election of members of Congress.
6. Separation of powers in government
 - a. Haber, North and Weingast of the Hoover Institution (Stanford) note two principles for limiting government:
 - i. "First, a country must create mechanisms and incentives for different branches and levels of government to impose sanctions on one another if they exceed the authority granted to them by the law."
 - ii. "Second, these sanctions cannot be imposed in an arbitrary or ad hoc fashion."
 - b. US Constitution mandates a separation of powers to prevent any one branch from becoming too powerful/corrupt.
 - i. A three-way separation of powers at the national level.
 - ii. A separation of powers between national governments and the state and local governments.
 - iii. The prohibition of national military forces from doing law-enforcement work within the nation.
 - c. In the Bible several passages support the ideas of limited governmental power and separation of powers.
 - i. The OT gives many examples of kings who had unchecked power and abused it: Saul, David (2 Sam 11), Solomon (1 Kings 11:3-4; 10:14-20 cf. Deut 17:17), the divided monarchy (1-2 Kings; 1-2 Chronicles).
 - ii. The Bible also contains a number of positive examples of divided power: Tribes, clans and families in the OT, the calling of 12 apostles (Matt 10:1-4; Acts 1:15-26), shared roles as seen with Peter and James as the spokesman for the apostles (Acts 2:14; 3:12; 15:7; 15:13; 21:18; Gal 1:19; 2:9, 12), the Jerusalem Council (Acts 15:22), and government of local churches by elders (Titus 1:5; James 5:14).

7. Government accountability to the people
 - a. Regular, fair elections, free access to information about government actions and spending, and term limits for the most powerful offices all help to insure such accountability.
 - b. Acemoglu and Robinson argue that nations succeed economically only when they have "institutions that distribute power broadly in society and subject it to constraints."
 - c. Examples in scripture indicate that government works best with the consent of those who are governed.
 - i. Ex 4:29-31; 1 Sam 7:5-6; 1 Sam 10:24; 2 Sam 2:4; Acts 6:3.
 - d. There are negative examples in scripture of tyrants who did not gain the consent of the people but ruled harshly.
 - i. Rehoboam (1 Kings 12:15), Pharaoh (Ex 3:9-10), Philistines (Judg 14:4), Nebuchadnezzar (2 Kgs 25:1-21).
 - e. The Mayflower Compact (11-11-1620) mandated a government *by the consent of the governed*, and set a pattern.
 - f. The same principles found fuller expression in the Declaration of Independence of 1776.
 - g. Accountability of the government to the people explains much of the subsequent prosperity of the US.

B. Protections governments should provide

8. Protection against crime
 - a. Crime is a disincentive for development and investment, both on a local and national level.
 - b. A factor in the economic growth of the Scandinavian countries (19th cent.) was the atmosphere of "public order."
 - c. The Bible teaches that prevention of crime is a primary responsibility of civil governments (1 Pet 2:14; Rom 13:4).
 - d. If crime in a nation goes unpunished, evil will increase, creating an environment hostile to economic growth.
 - i. Note Eccl 8:11 (also Prov 17:15; Isa 5:22-23).
9. Protection against disease
 - a. Epidemics of disease have economic implications in reducing productive work, hindering economic growth.
 - b. Disease epidemics are not the cause of poverty in nations, but rather the result.
 - c. Wealthy nations do not have epidemics of disease like those in poor countries as they are able to afford preventative measures as a consequence of economic growth.
10. Protection against the violations of contracts
 - a. Landes says an economically productive society will seek to "enforce rights of contract, both explicit and implicit."
 - b. Violation of contracts creates a hostile environment for businesses and business transactions (Ex 20:15-16).
11. Protection against violations of patents and copyrights
 - a. If a nation decides not to protect patents and copyrights (i.e. China), it encourages people to steal (Ex 20:15).
 - b. Price controls that prevent inventors from significant profits from their inventions stifles innovation and invention.
 - i. Seen in the pharmaceutical industry where most new drugs are developed by nations resisting price control.
12. Protection against foreign invasion
 - a. If a nation is invaded and conquered by a foreign power, its wealth is plundered and its economic growth stymied.
 - b. Government officials are to "punish those who do evil" (1 Pet 2:14; Rom 13:3-4).
 - c. When Israel did evil, God allowed them to be conquered (Judg 6:3-6), but when they repented and prayed and obeyed God, he brought the blessing of deliverance (several times in Judges; see also 1 Sam 17).
 - d. The result of the Lord's blessing was safety (1 Kgs 4:25), giving skill to soldiers to defend (Ps 18:34).
 - e. In the NT believers are invited to pray for their government officials so that they will be protected (1 Tim 2:2).
 - f. Examples of military conquest and tragic economic destruction: nations of Eastern Europe following WWII.
13. Avoidance of wars of conquest and civil wars
 - a. Landes observes, "War is the most wasteful of uses: it destroys rather than builds."
 - b. Wars of conquest/revenge bring destruction not only to the conquered but also to the invading nation.
 - c. Cuba, North Korea, and Hussein's Iraq often use(d) war to justify repression necessary to control their subjects.
 - d. In nations with 'extractive institutions,' there is economic incentive to wage war in order to take over gov't power.
14. Protection against destruction of the environment
 - a. Economically productive nations must protect natural resources from careless human destruction.
 - b. Through restricting information of ecological destruction, socialist economies often destroy the environment.
 - i. Examples: 1) Aral Sea in Kazakhstan and Uzbekistan, and 2) Chernobyl (Ukraine)
 - c. "Tragedy of the commons" - Situations in which many individuals have the right to use a resource that is held in common by all, but no one has responsibility to care for it.
 - d. The Bible teaches that God has given mankind responsibility for stewardship of the environment (Gen 1:28; Ps 8).

C. Things government should promote

15. Compulsory universal education
 - a. Educated people bring benefits not only to themselves, but also to society in general.
 - b. Economic progress is tied to levels of literacy in an economy and to the attainment of other types of education.
 - c. In nations that remain in poverty, education is often limited to certain favored groups.
 - i. Education was one reason Scandinavian countries moved from poverty to prosperity from 1830 to 1913.
 - d. In Protestant Northern Europe a by-product of Bible reading: emphasis on education that led to economic growth
 - e. The Bible emphasizes the responsibility of parents to train their children (Deut 6:5-7; Ps 1:2).

- f. In Muslim nations of the Middle East illiteracy rates are high, much higher for women than men.
 - i. Universal education is resisted in some parts of Hindu culture where encouraging the poor to learn is sin.
 - g. Technological and trade school education is also crucial for a nation's educational progress.
 - h. Foreign language (esp. English) is important as those who cannot speak multiple languages are limited in econ. opportunities.
16. Laws that give protection and positive economic incentives to stable family structures
- a. A child growing up in a family with both father and mother present is far less likely to end up in poverty.
 - i. 2009 US census: Poverty rate for single parents with children (37.1%) versus married family (6.8%).
 - b. In wealthy countries divorce is more common and children are increasingly born out of wedlock.
 - i. In poor countries the cause of single parenthood or orphans is generally disease or war.
 - c. Governments should adopt laws that provide incentives to getting/staying married and for raising children.
 - i. Note - nations should not recognize or promote same-sex relationships as a type of "marriage."
 - ii. Studies reveal they do not bring the same benefits to society, and encouraging such relationships may in the long run be economically harmful to a nation (contrary to moral standards of the Bible).
17. Laws that protect freedom of religion for all religious groups and give some benefits to religions generally
- a. Religions generally teach good moral values to citizens, and bring good to society, including economic benefits.
 - b. Denial of freedom of religion means that many economically productive people are kept out of a country.

D. Conclusion

The government of a nation must protect against corruption in government; protect its citizens from forces and people who would harm them; and promote universal education, stable family structures, and freedom of religion.

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See also waynegrudem.com