

A CONVERSATION WITH DOUGLAS VICKERS

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Bruce G. Webb, professor of economics at Gordon College (MA) and co-editor of Faith & Economics, interviewed Douglas Vickers, professor emeritus at the University of Massachusetts, Amherst, on April 9, 1999, at Gordon College.

Why did you decide to study economics?

My early education was interrupted by the late years of the second World War. I came into economics having done a general liberal arts degree at the University of Queensland in Australia, that was after the war. Having done work in business subjects and accounting, and so forth, I seemed to gravitate to this question of economics. It seemed a natural thing to do.

Where were you trained and which of your teachers most influenced the development of your economic thinking?

My first degree was at the University of Queensland in Australia as I mentioned. I went to the London School to do an advanced degree at the London School of Economics. I think I should say that the man who had most influence on my intellectual development in economics was Terence Hutchison; he was my mentor, a very profound scholar in the history of thought and methodology. I should give most credit to Terence. I worked with two other people: Lionel Robbins, whose name you may remember, and Richard Sayers, Professor of Banking at the London School. These are the people who in my early formative years had most direct influence on economics.

Tell us something about your Christian pilgrimage. How did you come to faith? Who was most influential in your coming to faith and in your growth in the Christian faith?

I came to faith in Christ rather later in life, than I imagine many people do. When I went to London to do graduate work I was introduced to Westminster Chapel, that's an independent congregational church in London. At that time the minister was a man called Martyn Lloyd-Jones, a prolific writer, one of the outstanding preachers of the century, I think. I came to faith under his ministry and was a member of Westminster Chapel for some years in the 1950s prior to coming over to the United States. Ever since then the influence at a formative stage which that ministry had on my life has remained with me and has been determinative.

Was it there that you came to embrace Reformed theology?

Yes, that was part of the genius of Lloyd-Jones, a Reformed man. And when I came to the United States my first professorship was at the University of Pennsylvania and that happily brought me in close contact with the faculty of Westminster Theological Seminary that sits on the outskirts of Philadelphia. I have to give a lot of credit to the influence of theological scholars at that institution and the privilege I had of contact with them at that time. And that, of course, confirmed a fairly heavy commitment to the mainstream of Reformed theology from then on.

Would Cornelius Van Til have been one of those scholars with whom you had contact at that time?

Yes, I would say so. If you asked who has had the most formative influence on my own thinking I would say three things. In the matter of the exegetical, expository handling of the scriptures, I would say Martyn Lloyd-Jones; on the level of systematic theology, I would say John Murray; and on the level of theological apologetics I'd have to say Cornelius Van Til.

When did you first think about the relationship between your Christian faith and your chosen discipline of economics?

I think it important to realize that having come into the Christian faith rather later in life, at the beginning of my professional career as an economist I did not think about that relation. It's true to say that the awareness of the importance of that relation developed only at a later time. In that connection, I might say I was provoked in a very positive manner to begin thinking deeply about that relation by having observed some work published by Christian economists that I thought was quite silly, and was quite innocent of economic analysis, and shakily theological and therefore made me think that this was a subject area that needed to be cultivated much more seriously. You will excuse me if I don't identify the works that I thought were foolish but that provoked me to serious consideration of this subject.

As you developed your thinking about this relationship, which theologians were most helpful and influential?

As I said before, I place a great deal of importance on a firm grasp not only of systematic theology but of theological apologetics and I think I can say again that having been influenced very strongly on the level of theological apologetics by Cornelius Van Til, I realized that whatever we say about the intellectual disciplines must be said against the presuppositional foundation that the word of God is definitive, not only in the redemptive revelation, narrowly conceived, that the word of God gives us, but in the matter of the whole of life.

Some Christian economists in the Reformed tradition have been influenced by the work of Abraham Kuyper. Would you describe yourself as a Kuyperian? What does it mean to be a Kuyperian?

I have to give a twofold answer to that twofold question. First of all, I would not describe myself as a Kuyperian. I don't like labels. I don't give myself any label, and whatever labels other people want to give me, well that's their business. I am not a Kuyperian because I am not deeply aware of all that Kuyper has done.

But I will say a couple of things. You put your finger on a very important question when you mention Kuyper, because he, of course, was an important theologian in his own right. He was a statesman. He was a parliamentarian, the prime minister of his country. He was influential in establishing the Free University. This was a widely cultured man.

I have been influenced by one important thing that Kuyper said. In his magnificent book *Principles of Sacred Theology*, Kuyper made a statement that impressed itself very firmly on me. He said there are two kinds of science, the science conducted by the unbeliever, as against the science conducted by the believer, and of course there is no common ground. There's no common ground between the unbeliever's vision and understanding of the facts of empirical reality and the believer's, and Kuyper there placed his finger on the very important question of the necessary priority of regeneration. And that, of course, propels our thought to the necessary real Christian foundations that should lie at the basis of our work. That is the influence that Kuyper, the theologian, and, if you like, the apologetic philosopher, had on me.

As to his economics, I can only say that this man's work is attractive because he has a wide and liberal (with a small 'l') view of what economics should be saying about the culture in general, and he is aware of the contribution that must be made by the governmental system to the conduct of the economy as a whole, and not narrowly conceived.

Have you had any formal training in theology? Would you recommend formal theological training for Christian economists?

I've had no formal theological training. Would I recommend it to economists? No, not necessarily. But, it is important to say one thing on the question you've raised. Every Christian should be, and I would say every Christian is, in one way or another, a theologian. And certainly those of us who, as Christians, cultivate the intellectual disciplines must be self-consciously theological. Now that doesn't mean to say we must have formal training, because I'm not sure what you mean by formal training. If it means going through an institution of learning and getting a degree, well that's one thing. But I think those of us in the intellectual disciplines are blessed with the necessary good sense to know that we can be autodidact in theology. I think every Christian economist should be prepared to read and make himself thoroughly familiar with a good volume on systematic theology. He should be abreast of the history and hermeneutical approaches to the two testaments. He should bring himself abreast of historical theology, the history of the church and theological apologetics. The formal training thing, which a serious Christian intellectual must have, can be in those respects substantially autodidact.

Among your many published works, which has given you the most satisfaction? Why?

Your question is perceptive because you ask what works have given *me* the most satisfaction, and I'll respond to that. And of course I'm not saying what of my work should have given the general public the most satisfaction.

Three things: first of all, my doctoral dissertation, which was published as a book, does give me a great deal of satisfaction. I think that's one of the nicest pieces of work I've done, because I did that as an intellectual hobby while I was doing other things with my life and I delved into the intellectual history of the eighteenth century economists. And that gives me a good deal of satisfaction. Any economist who has done meaningful work in the history of thought has probably seen that, at least in a footnote. Secondly, about thirty years ago, I did a book published by the McGraw-Hill economics series on the theory of the firm. That gave me a good deal of satisfaction because, in that work, I tried to bring to a new level of integration the questions, as I subtitled the work, of production, capital and finance, and tried to integrate the issues of capital theory with the questions of production theory and achieve a new level of integration of what the theory of the firm should be saying. Thirdly, I've recently produced a trilogy which addresses the questions of time, knowledge, ignorance, ethics and I feel quite happy about the work I've tried to do in that recent literature.

Much of your published work would not be recognizable as distinctively Christian. Has this work been influenced by your faith? In what ways?

Remember, as I said previously, I came to faith later in life, and in all honesty it's only my later work which has been more directly influenced. The principal way in which my work as an economist has been influenced by my faith, as must be the case with Christian intellectuals in general, is in the kinds of questions we ask. I've tried in recent years to ask questions which, on the one hand, address the methodological foundations of economics as a discipline, but ask questions on that level which are what they are because one's Christian faith is what it is.

In your book, *A Christian Approach to Economics and the Cultural Condition*, you criticize what you call "the intellectually empty and ethically defective assumptions of automatic harmonies." Why do you describe these assumptions as "intellectually empty and ethically defective"?

I hope I detect in your question that you agree with me that that's a beautiful sentence. The reason why I wrote such a brave, if not even offensive, sentence is because economics as a discipline quickly became a subject which was essentially a deductive discipline, which deduced certain statements from certain foundation axioms. And, therefore, the intellectual emptiness comes from the nature of the axiomatic foundation or the presuppositions on which economists have built their systems of thought. As to the question of ethically defective, economics very quickly became a subject which did not address the question of the ethical content that might have been present. Lionel Robbins in the 1930s, when he tried to consolidate the methodological foundations of the discipline, said quite bluntly that economics can be completely separate from ethics. That development of economics led to the question of whether there are or are not what I call automatic harmonies in the system. And the answer, given by the classical economists, was substantially that the system will automatically equilibrate at a high level of employment activity and individual welfare and satisfaction. Because economics led to that kind of result, I have to feel it was, as I say, ethically bankrupt.

You are sometimes associated with "post-Keynesian economics." What does it mean to be a post-Keynesian and are you comfortable with this label?

No, I'm not comfortable with the label because, as I said before, I don't like labels. But if people want to identify me as such, that is their business. I will say two things, however. First of all, the kind of questions I've asked and the kind of issues I've addressed are questions and issues that are frequently addressed by people who choose to be called post-Keynesian. The post-Keynesian enterprise, if there is

such a thing, is certainly not homogeneous. It's difficult to identify a post-Keynesian school in the sense that there are other so-called schools in our subject. But generally I, and others, have addressed the following questions which may be thought to be essential to the post-Keynesian enterprise. We have been concerned with the question of historical time rather than logical time; the question of uncertainty; the question of, not equilibrium or disequilibrium, but what I have called in my work non-equilibrium; the question of the importance of real world institutional structures feeling that conventional economics has proceeded as though the institutional structures that exist at any time didn't matter very much. Another plank in the system would be the realization that we have to have a better integration between the real and the financial sectors of the economy, and recognize the possibility of an endogenously generated disequilibrium that would emanate from the financial and real sector interdependence. These are questions that the post-Keynesians have cultivated and, in many respects, I'm sympathetic with, and I can understand people wanting to label me in that way.

Are there fundamental conflicts between Christianity and the neoclassical paradigm?

Of course there are fundamental conflicts. The first conflict exists at the level of the assumption content of neoclassical economics. Without being too discursive on the point, neoclassical economics is committed to the assumptions of an autonomous, exogenous individual coming to the market place, concerned with individual utility maximization. But to leave aside the assumption content that could understandably offend a Christian perspective, there's the question as to whether we can rely on a freely functioning market system to automatically equilibrate at a high level of resource use and employment. The whole question of laissez faire, as it came into economics, is, of course, a bequest of the 18th century enlightenment and is not necessarily Christian at all.

In spite of your objections and concerns about neoclassical economics, do you think it's important that we still teach our students neoclassical economics, prior to entering a critique of that paradigm?

Absolutely. Our responsibility as educators is to bring the student abreast of, or as close to the frontiers of our discipline as we can. We can't bring the undergraduate student to the frontier, to use that language. But we should try to bring our students to the point where, if they look carefully, they can see the frontier for what it is. And of course, to be honest, as we work in the intellectual disciplines, we must be prepared to be fully aware and make our students fully aware of what has been thought and cultivated in all parts of the discipline, even though, as you quite

rightly say, we ourselves may enter a firm dissent as to what is being done.

You have written extensively in the history of economic thought. Is it important for economists in general, and Christian economists in particular, to study the history of economic thought?

Once again, I would say absolutely. In any subject we cultivate, in order to cultivate it properly, we must be aware of the intellectual history of that subject. And in whatever work I've tried to do, and in any course I've done, I've tried to make the students aware of the intellectual history of it. I said a moment ago that the Christian economist does not need to be formally trained in theology, but the Christian economist must be a serious autodidact in theology. Similarly I would say the Christian economist must be autodidact in the intellectual history of the subject. It is a pity that the intellectual history has been diminished in recent times in the universities and I would dearly like to see it given much more respect and prominence.

Whose writings in the history of thought would you recommend?

I'd have to say Terence Hutchison. I think the most magnificent book of this century in the history of thought is Hutchison's work, about a quarter of a century ago now, Cambridge University Press, *On Revolutions and Progress in Economic Knowledge*.

What do you consider to be your most important contributions to the discipline of economics?

I'd like to rephrase your question. You asked me: What do I think are the most important contributions? I don't personally think it proper of me to say that any of my work has been important. But I will be prepared to tell you what I think is the *least unimportant* part of my work. Apart from my doctoral work in the history of thought, it is not unimportant that I should have drawn attention to the need for integrating capital theory and finance theory into the theory of the firm. That work was very graciously reviewed by Bill Baumol at the time, who, in his review, thought that I had come up with what he called a Walrasian vision of the firm. Secondly, it is not unimportant that I have said something about, what I called in a recent book, the antagonism of time, and my dissent from the relevance of the probability calculus to economics and the introduction of an alternative paradigm of argument. My latest little piece on economics and ethics might be thought to have some importance also.

How would you characterize the connection between these contributions and your Christian faith? Is it simply a matter of compatibility or does your work in

economic theory flow directly from a theological starting point?

To answer that question I think we should reflect on a point I tried to make previously. Namely, the influence that our Christian faith has on our work in the intellectual disciplines comes substantially in the questions we ask. I've tried, in my recent writings, to ask questions about the structure of the discipline as it addresses the structure of the world, and therefore to recognize that we must be concerned with what I call knowledge and ignorance. You must remember that in the lecture I gave yesterday,¹ I concluded that not only is the future unknown, the future is unknowable. But we don't need to know the future, because we know that God knows the future, and we know that in His providence He has ordered all things for our good and His glory. In that connection, I made the observation that as we look out onto the future, we must realize as Christian thinkers that only that is possible which God has already thought. And that's the foundation from which my Christian faith propels me to ask questions about economics.

Why is there so much disagreement among Christian economists?

That deserves a very short but hopefully very clear answer. There is so much disagreement among Christian economists because Christian economists, in general, are not theologically self-conscious.

Can Christian economists who come from quite different theological traditions find common ground?

What do you mean by common ground? I ask you whether they can find common ground theologically, or can they find common ground philosophically, or common ground as economists? I think that, with good will informed by Christian persuasion and sentiment, it should be possible for them to discover levels on which there is a mutual understanding and even mutual affection. As to their economics, it's going to be more difficult to find common ground on economics because, as I look at Christian economists in general, there are so many different slants or angles of vision on what economics is and what the real world is, I think it will be difficult for Christian economists to reach significant common ground on economics.

Should we begin by reading some theology and developing our theological thinking before we attempt to reach agreement as Christian economists?

If you read some of my work on the interface between Christianity and economics you will see that I've tried, consistently, to say that we must be theologians before we are economists, and our economics must be informed by whatever presuppositions our theology equips us with.

You were a Professor at the University of Massachusetts for a number of years. Were your colleagues aware of your Christian faith and your published works on Christianity and economics? How did they respond?

Yes, my colleagues were most definitely aware of my Christian profession and faith. Let me say two things that may help you to understand the relationship in that connection. When I was invited to a professorship at the University of Massachusetts, I was at that time holding the Chair in Economics at the University of Western Australia. Having received their invitation, I wrote a carefully crafted letter to the chair of the department at UMass explaining that I was a Christian, explaining that the work I would do in economics would be informed by Christian presuppositional foundations, and informing him that my vision of the educational process was determined by my Christian faith. I wrote that letter, and the response was that would be very acceptable at UMass. When I went to UMass to give a seminar it was noised abroad that this man is a Christian. One of the radical economists at UMass at that time said, well, it would be good to have a Christian on the staff but we wouldn't want more than one. The second piece of information that may interest you... There is at UMass a set of so-called radical economists. I can say that, to his credit, one day one of the Marxists in the department came to my office specifically and explicitly to apologize to me because he realized that he had recently, in my presence, spoken the name of our Lord in vain in a way which he knew would offend me, and he came to apologize. I think you can see that those little stories indicate a realization of my Christian position.

How did they react to your published works in Christianity and economics?

Courteously, but with substantial neglect.

Did you find it more, or less, difficult to relate to the radical economists at UMass than you did the mainstream economists?

I think there is a pretty even-handed relationship there. I have read the work, the papers, and the books produced by the so-called radical economists and commented on them. And I think I have made some contribution to the work of some of the philosophical Marxists in the department, and they have also read my work. In the intellectual enterprise in which we are engaged we have to be prepared and able to discuss the other man's work with him against and on the basis of his own philosophic presuppositional foundations. Now, if we are prepared to engage the other man on the grounds of his own presuppositional foundations, we can make some contribution to the scholarly enterprise in general, and at an appropriate time make witness to our own profession.

As to the mainstream economists, of which there are

some significant members at UMass, it's been a pleasure to relate to them also. At that university department there has been a wonderful spirit of collegiality and gentlemanly interchange, and we seem all to have been interested in each other's work.

Were your students aware of your Christian faith? Did your Christian faith ever come up in conversation with students or in the classroom?

Not in the classroom to a very significant degree. In personal conversation only occasionally. You must remember that I have for the last twenty years of my career professed my subject at a secular university, a state university where one unfortunately has to say there is a very minimal expression of Christianity. It's even been difficult for us to have a regularly organized group of Christian faculty. The intellectual milieu in which I've lived and worked is very different from what you live in here [at Gordon College]. I will say, however, that when I have taught a certain kind of course, such as a course in the history of economic thought, it's been possible to make a more explicit reference to where Christianity has entered into the stream of history than when I'm teaching a course in standard economic analysis and theory.

You have written that, "If the work of Christ is irrelevant to any fact, it is conceivably irrelevant to all." Is the work of Christ relevant for determining facts as well as interpreting facts? For example, is Christ's work relevant, and therefore necessary to acknowledge, if we are measuring, say, the elasticity of demand for bananas?

You have a genius for asking questions that are multidimensional. Let me try to comment on some of the issues buried in that question. First of all, we should grasp very clearly that if the work of Christ is irrelevant to any fact, even though it may appear to be an inconsequential fact, that implies that the work of Christ may be irrelevant to any number of facts, and then we confront the question, as a result, of where the cosmic significance of the work of Christ begins to take effect. I say that every fact must be Christologically interpreted, which means every fact is relevant to the work of Christ, and the work of Christ is relevant to every fact. You heard me say that the facticity or the factness of the fact is determined by the place that that fact occupies in the scheme of explanation of which it is a part. Therefore, it is the meaning of the fact that gives the fact its "factness." I don't want to be circumlocutionary, but I gave the example of the death of Christ. There is no common ground of factness between the believer and unbeliever when they look at the empirical reality of Christ dying on the cross. As to the question, then, of the relevance of the work of Christ to factness, we must see that that relevance

is either direct or indirect. With varying degrees and levels of indirectness, we can show that the work of Christ is in fact relevant, and every fact must be Christologically interpreted.

But you press me, then, and push me into a corner as an economist, skilled as you are, to comment on the relevance of the work of Christ to the elasticity of demand. I presume you mean price elasticity. The price elasticity of demand for anything is simply a historical curiosity that may be calculated on the basis of what existed at that time, what people did at that time against the background of a very heavily circumscribed *ceteris paribus* content and has no necessary meaning at all for what may happen at any other time, in any other situation. The elasticity of demand being then simply a historical curiosity, the Christian thinker would look at that question and ask not only what is a historically calculable relation that may once have existed, but will ask what is the significance? What is the significance, as God sees it, of the commodity or the item about whose elasticity you are trying to say something? What is the significance of it in the place and the lives of the people who may be expressing the demand? There are some fundamental questions to be asked about reality before we lock ourselves into such a narrow historically determined datum as the elasticity of something.

Would you agree that often we are unable to discern the relevance of Christ's work for such seemingly value-free facts as a demand elasticity, and that therefore we must conduct much of our economic inquiry as methodological dualists?

I'm very pleased that you included the words "seemingly value free," because we have to say that economics is not, should not have been allowed to become, and should not be a value-free discipline. It is not value free. Therefore, you are quite right in saying that our values, whatever that means on the grounds of our presuppositional foundations, must inform the way we look at economic problems and such apparently simple questions as the elasticity of demand. You may mean by the conception of methodological dualism the possibility of practicing as a pure economist, handling the apparatus of economic analysis to address certain problems on the one hand, without an explicit consciousness of theological relevance or foundation. That is why I said before, though I insist that every fact must be Christologically interpreted, that there are levels and degrees of indirectness. And perhaps you are thinking that methodologically that degree of indirectness may be rather distant in certain circumstances. Of course, you're right. We have to be prepared to learn how to use the pure apparatus of economic analysis in specific problems. But finally, let me say, our understanding of the apparatus of economic analysis itself is not value free, because the way in which we

conceive that apparatus, and the way we use it, is dependent on our value system.

How is it then that an economist who rejects the Christian faith outright, I am thinking of someone such as John Maynard Keynes, can come to a knowledge of the truth?

In asking that question, you put your finger on one of the most important, singularly important, things we should realize on the grounds of what I referred to earlier as the exposure we should have to apologetic theology. You have asked a question which requires us to answer simply by saying, it is by the common grace of God. As Christian thinkers that lay an apologetic theological foundation for our work in economics, and in the intellectual disciplines in general, we must have a clear understanding of the doctrine and reality of God's common grace. It is by the common grace of God, therefore, that an unregenerate thinker, an unregenerate scholar and scientist, can make positive contributions to knowledge. It has been said by some that I am a foolish man, because I have said something positive about the contribution that Maynard Keynes made; and Maynard Keynes was a homosexual. That is the shallowest kind of *ad hominem* logical fallacy that I could contemplate. We must understand it is possible, I repeat, for unregenerate thinkers to make positive contributions to knowledge by the common grace of God. But then, we must say that those contributions from the unregenerate thinker are made, not because that thinker is discovering something of truth on the basis of his own principles, but in spite of his principles, because he is doing what he's doing because the common grace of God has established reality in the way He has.

Would you say that Christians have an epistemological advantage over non-Christians?

Once again, absolutely. You use the words epistemological advantage. The only true epistemology is a Christian epistemology, and of course the Christian has an advantage because he knows something that the non-Christian will not admit, namely, that the whole of factual reality as it is observed, is what it is because God has established reality in the way He has.

How does sin affect the functioning of an economic system?

In two ways. We must say, first of all, that sin affects the functioning of the economic system itself in various ways, not only on the levels of individual selfishness and unconcern for individuals' place in society. Remember, I drew attention yesterday, as I've done in my recent book on economics and ethics, to certain dichotomies that have to influence our thinking. I drew the distinction between what I call individuality, on the one hand, and solidarity, on the other. Sin enters because the reliance on individuality can

submerge what should be a balanced regard for solidarity. Perhaps one way in which sin enters into the functioning of the economy is by something I'm very concerned about. I call it the excessive concentration of economic power and the exploitation of that concentrated economic power to the disadvantage of certain members and sections of the economy and the populace. But leaving aside the way in which sin infects individual economic behavior on the one hand, or what I've called the concentration of power and exploitation on the other, sin enters in the sheer difficulty that those in authority have for the administration of economic policy, because, in reality, we must recognize that the responsible policy makers are themselves, as we are, sinful people.

You have written that “sin...points to economic dislocation and disequilibrium.” Do you arrive at this conclusion through detailed study of economics, or is this insight the result of prior theological reflection?

In my own case, I would have to say that I reach that conclusion firstly by my sheer observation of the real world. I observe in the real world that there are clearly observable tendencies to what I would now call “endogenously generated disequilibrium.” That is why, in my own thinking as an economist, I have used the phrase non-equilibrium rather than equilibrium or disequilibrium. So my first answer to your question is: based on my observation of the world, I see tendencies to disruption, to dislocation, and not tendencies to automatic harmony and high levels of individual and societal satisfaction. Against the clearly recognizable empirical observation of those dislocations we must as Christian thinkers endeavor to find some explanation, and I therefore do find an explanation in the sheer sinfulness we have to confront. The reality is that we as Christian people live, and God has left us to live, in a sinful society. And we, as Christian economists, must realize that we are responsible for addressing the economics of a sinful society.

What are some of the consequences for Christian economists of not taking an adequate account of the fact that we live in a sinful society?

The possible implications exist on a couple of levels. First of all, we could fall into the mistake inherent in the neoclassical system of imagining that individual economic actors are autonomous, exogenous, and to fail to realize that the actions of the economic actor and decision maker himself are determined by sinful propensities. The second mistake we can fall into is imagining, as Christian economists, that there is an autonomy and efficiency about our economic policies—we imagine that—which prevents us from being adequately and sufficiently humble in our imagination of what economic policy can do. That leads, then, to the most unfortunate conclusion: that we as Christian economists can fail to realize that the providence of God is very

much relevant to the outcome of economics, as to other affairs; and we can make the mistake of imagining that we can engineer the economy without reference to the law of God and without reference to his overriding providence.

What is the proper role of government in the economy?

In the 13th chapter of the book of Romans, Paul has made it clear that we must obey and give respect, because he makes it clear that government has been ordained by God for the restraint of evil. The powers that be have been ordained by God for the restraint of evil. That being so, we, as Christian economists, must realize that the restraint of evil must include the restraint of economic evil; and therefore, the powers that be, which have been ordained by God for the restraint of evil, have been ordained by God for the restraint of economic evil. That's where the economic function of government comes in. I think, therefore, we must enter a very strong dissent from those, some of whom are members of our Association, who say that everything would work out for the best if only those in authority would come to their senses and begin to do nothing.

How does sin affect the ability of government to carry out its proper functions?

Those in authority may simply not realize that the genesis and origin of our problems is what it is, and then may proceed in blatant disregard of the law of God and the mandates of Scriptural foundation. On many levels of social administration, the law of God is ignored and is simply not taken account by administrators in governmental authority. That can be seen to exist on levels of economic administration as well as social affairs in general. As I said before, we should give attention to the importance of the work that has been done and could be done by the antitrust administration, and that I mention only because it was intended to refer back to my previous comment that one of the unfortunate expressions of sin is the excessive concentration of economic power and the exploitation of that power to the disadvantage of members of the economy.

What is the most pressing economic problem we are currently facing in the US and what should be done about it?

There's your genius for asking short questions that require long answers. In the current state of affairs in the American economy we are facing four fundamental questions. The first big question we should be concerned about is the inequity in the distribution of income and the distribution of wealth. The distribution of wealth is as important a question, with its own challenges, as the distribution of income. The second problem is the problem of corporate restructuring and technological unemployment. A third

problem is the problem of financial institutional innovation and the tendency to break down the walls between financial institutions, walls that were erected to guard against the danger of dislocation in the financial sector that came to expression half a century ago. In that connection, to anticipate my further observations, I myself am inclined to think that it is good to preserve a wall between commercial banking and investment banking and asset market operations, rather than to merge in conglomerate all financial services and create supermarkets of finance. I'm concerned about the danger of difficulties emanating from one sector of a financial supermarket store and causing problems in another sector. And then the fourth problem is an issue I'm not very informed about, but I recognize the problem of globalization in trade and international trading relations.

What should be done about those problems? Let me comment on one of them in the interest of brevity. In the matter of the distribution of income and wealth, I think that, perhaps, unlike some of my colleagues in our Association, we should maintain a significant progressivity in our tax structure. I myself cannot feel sympathetic toward the argument for a proportional tax system and certainly not sympathetic to the notion of a flat tax that has been suggested. [I favor] a progressive tax system that does in some way achieve some kind of redistribution, because I do hold to the Scriptural foundations of redistribution, as I say, unlike some colleagues in our Association.

You have argued that inflation is not just a monetary problem, as some economists claim that it is. You also have proposed a tax-based incomes policy to control inflation by restraining groups who are trying to increase their share of the nation's income. But inflation now seems to have been brought under control by monetary policy without the need for such incomes policies. How would you respond to that?

First of all, it is when the sun is shining you need to make sure you've got a good roof on your house. You don't wait until the storm comes to make sure you have got a good institutional structure.

On the question of inflation, there have been some simple-minded economists who have written, members of our Association unfortunately, who have agreed with Milton Friedman that inflation is always and everywhere a monetary phenomena. One prominent Christian economist has said that the text of Isaiah 1:22 is the key text of the whole of Christian economics where it says, "Thy silver has become dross," and he concludes therefore that the only explanation or the only meaning of inflation is the creation of unbacked paper money. Inflation is something very different. Inflation has to do with, and expresses, a disequilibrium relationship between the supply of whatever it is the nation produces and the demand for it reflected in the

market price of commodities. There are many causes of inflation. There's demand pull inflation, cost push inflation, imported inflation. There's excessive money supply. There are many causes of inflation.

The question as to whether inflation can be controlled by monetary and fiscal policies, and you say it has been, well, the very fact that you say it has been is itself an answer to those of our colleagues who say there is no part for governmental authorities to play. Of course, the governmental authorities have a part to play. You've just confessed that there is, because we have been able to control the situation in the interest of society at large by contra-cyclical monetary policy. As to the question of some scheme to keep inflation under control, I would simply say one thing in response to that, and that goes back to my concern for inequitable distribution of income. Inflation expressed in an undesired change in commodity prices is frequently the result of sectoral claims to increase their share of the nation's product to the disadvantage of other sectors. It is the sector that is unrepresented in authority circles that usually suffers. It is the poor, the disadvantaged, the underprivileged that suffer from the effects of inflation. My only argument is that we do need some kind of institutional structure that will guard us against the exploitation of an excessive demand for shares of the national product to the detriment of other sectors.

There is evidence that the distribution of income has become more unequal in recent years. Why hasn't this caused higher inflation, if the rich have been claiming a larger share of the nation's income?

Technological advance and corporate restructuring has enabled us to keep better control on the cost of production side of the economy, and that's very important. But, remember that I said there's a danger signal that corporate restructuring and technological unemployment may begin to have adverse effects and I'm concerned with the technological unemployment and the need for systems to be established to retrain and re-educate for the advanced technological age that we are entering.

Are you engaged currently in any writing projects? Do you have plans to write more on Christianity and economics?

No, the lecture I gave at this institution yesterday was my swansong in economics.

Do Christian economists have a distinctive mission?

I think they have a distinctive mission as Christian economists in asking the big questions, the questions at the foundation of our discipline. I don't think Christian economists should understand themselves to have a unique mis-

sion if they are simply wanting to “spin their wheels” in cultivating the conventional wisdom and writing research papers that estimate the elasticity of demand for this, that, and the other thing. The spinning of the wheels in the profession is not important to me. But Christian economists do have a very important and necessary function to perform in asking fundamental questions about the philosophical, methodological and ethical foundations of our subject.

What should be the role of the Association of Christian Economists?

To be outspoken on this question is difficult without danger of causing hurt or offense to many of our colleagues in the Association of Christian Economists. But I would say two things. Perhaps I could comment on what I think should *not* be the function of the Association and what *should be*.

To take the negative side first, I think the Association of Christian Economists should most definitely *not* engage itself in writing position papers addressed to questions of national economic policy or economic concern. I’d like to expand on that a little bit. Christian economists should do that, should write papers critiquing national policy. But to say that Christian economists, as Christian economists, should do it is something very different from saying that the Association as the Association should do it, for this reason: If, identifying itself as an Association of *Christian Economists*, the Association were to present to the authorities a position paper on policy, then that would be regarded as a statement of Christian policy desiderata, and that would be wrong because anything that is said in the name of Christianity should be addressed to the preaching of the gospel, not interfering with social affairs unless issues of offense against God’s moral law are at stake. Example: if somebody establishes what he or she calls an institute for Christian

economics, that strikes me as the height of arrogance. If that person then makes pronouncements on policies which purport to be in the name of Christianity, that is an offense, because no one individual has any right to imagine that he or she has a monopoly or has the last word or ultimate truth on everything that has to be said in the name of Christianity. Therefore my negative is the Association should not, in the name of Christianity and in the name of the Association, present policy recommendation papers.

What, then, on the positive side, should the Association be doing? It should be simply providing a forum for conversations and discussion between Christian economists and scholars in order that, with the benefit of the interchange and the mutual help and encouragement and information, those Christian individuals can then go and make their statements about affairs as Christian individuals, which is different from making statements as an Association.

What advice would you give to younger Christian economists in the early stages of their careers?

To realize that the adjective in that statement is more important than the noun. The advice I would give them is: Give your days and nights to understanding what it means to be a Christian; and then, in the light of that, make sure that you approach your intellectual discipline with thought forms and presuppositions which are honestly Christian and Scriptural, Biblically determined.

Endnote

- 1 “Time, Knowledge, and Ignorance, and the Subversion of Economic Reason,” delivered at Gordon College on April 8, 1999, and appearing in the *ACE Bulletin*, 1999, 33 (Spring), pp. 9–19. ■