

Where Wall Street Meets Via Dolorosa
Transcript of a presentation by Dr. David M. Johnson
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I. INTRODUCTION

I appreciate the opportunity to speak to you tonight to share a Christian perspective on business. Jimmy Allen, a preacher whom some of you know, once said that, when he first started preaching, he developed a sermon titled “Ten Commandments for Child-Rearing.” When he got married he changed that title to “Ten Suggestions for Child Rearing”, and when he had children he threw away that sermon altogether. When I first taught Christian Business Ethics some years ago, I added a section on “Christian Perspectives on Work”—it seemed to be a topic missing from most coverage of ethical issues, even in books supposedly oriented toward Christian Ethics. So I pieced together some material and called it “Christian Perspectives on Work.” Then I changed it to “A Christian Perspective on Work,” to sound less comprehensive than it was and allow for other genuinely Christian perspectives. Then I changed it to “Toward a Christian Perspective on Work,” to admit that my approach and coverage were less complete and less developed than they could be.

The title of my comments tonight, “Where Wall Street Meets Via Dolorosa,” or at least of a catchier version than what I had proposed, was suggested by Dr. Robert Woods. It struck me only recently that Robert has questioned the legitimacy of only one field of business—advertising. Developing such a catchy title is in line with the work of a true ad-man.

In order to prepare for this event, a number of us on campus have read and discussed Michael Novak’s book, *Business As a Calling: Work and the Examined Life*. His exposition of work and of business is rich with matter for serious discussion, and it is critical for those of us in Christian higher education to figure out what it means to offer a Christian education, to offer a Christian perspective on all academic disciplines.

It was almost a year ago when my wife and I were considering coming to Faulkner. When I heard about the Institute for Faith and the Academy, I was very excited. The idea was exciting--that of gathering people from across the campus, to read thought- and soul-provoking material, to gather to discuss, and to challenge and encourage one another to greater levels of understanding, dedication, and implementation of the ideals of a Christian university. I can’t say that it was the linchpin in our decision-making process, but it was a real plus for me personally. Thank you for the invitation to speak to you, and thank you for coming tonight.

Here’s what I intend to do. First, I want to offer a broad Christian perspective on Business Education, followed by some examples out of my main area--finance. Then I’d

like to address the role that commercial activity--business--plays in God's plan for his Creation. Finally, since most business activity is conducted in the context of competitive free markets, I'll offer some perspectives on free market capitalism.

II. THE CHALLENGE TO CHRISTIAN BUSINESS EDUCATION

Someone once questioned the relevance of religion to academics, asking "What has Jerusalem to do with Athens?" Jerusalem, identified with three major religions, is contrasted with Athens, the womb of Western culture and philosophy, to question the relationship between religion and the spirit of academic inquiry. Some academicians argue that the unfettered pursuit of knowledge and understanding cannot abide the limiting assumptions that religion, including Christianity, presents. The Christian doctrines of God, of the creation, of sin, of Christ, of humankind's redemption and eternal fate, confound secular humanism's claim of humankind's chance development, persistent progress, and ultimate sovereignty. Indeed, the differences are critical. Each claims to offer a correct world view - a coherent system of beliefs about the most important issues of life and a framework within which to address life's fundamental questions--of God, the universe, humankind, knowledge, and ethics. Both cannot be correct.

One might redirect the inquiry to contemplate Wall Street, that icon of American business enterprise, in order to question the relationship between Christian business education and secular business education. Sincere people ask not only, "How is Christian education in business and economics unique?" but, "How is it better than the secular version?" What are the earmarks of a Christian education in business versus its secular counterpart? Moreover, what benefits does it offer its students, prospective employers, the church, and indeed the larger community, not just in theory or in the ideal, but in the real workaday world? Answers to these questions are found first by distinguishing the Christian world view from the secular world view. Discerning these differences is central to understanding the mission and life of Faulkner University's College of Business.

The Ideal of Christian Business Education

If God is sovereign, all of life must be brought under his control. While some claim that religious education should be confined to the philosophy or theology class, the conviction at Faulkner is that Christian faith is integral to the Christian life. Separation of the two is an unnatural and untenable dichotomy. Central to the spirit of the Protestant Reformation was that all of life is to be surrendered to the will of God, and in so doing is sanctified. From the most menial daily task to the highest expression of genius, no form of human endeavor lies outside the domain of a sovereign God. Thus, commercial activity and those who engage in it will realize their true purpose only in relation to God's purposes. A Christian perspective of business calls for the realization that God, through Christ, simultaneously has effected a redemption of work, of the worker, and of the workplace.

The Redemption of Work, the Worker, and the Workplace

What is the purpose of business? From a Christian perspective, commercial activity - in fact, all work - finds its origins in the creative work of the almighty God. He is the founder of all that is or will be, and he allows humans to share in his work of caring for the creation, essentially making us partners with him. The first view of God in Scripture is of a worker. "In the beginning God created ... " (Genesis I)), and the first task of humankind was to cooperate in the care of the creation (Genesis 2:15). While a relative few continue to work the land as our ancestors did, we continue to work and take care of God's creation. Whether as accountants, marketing researchers, bankers, production supervisors, or salespeople, business people seek to identify and fulfill human wants, and therefore participate with God in caring for his creation. Through the efforts of people participating in business enterprise, goods are produced, services are provided, and information is supplied to people who use them' to better their own lives and the lives of others. The basic tasks of designing, making, and distributing a product are often accomplished by thousands of people in hundreds of processes. In a modern economy, business relationships and processes are complex; the connection between one's work and caring for God's creation is often obscure but nonetheless genuine.

This realization of man's task to care for the creation points to the bedrock of the Christian world view and therefore of a Christian perspective on business: God is sovereign. Everything belongs to him and should be used to serve his purposes. While we may have temporary custody. of the goods of this world, we are only tenants. Our ownership is tentative and our freedom of use is conditional on conformity to God's purposes and laws. Only God has ultimate ownership. For the Christian business person, this affects his behavior as it relates to business affairs as well as personal affairs. No realm is outside God's control, no property outside his ownership, and no deal outside his oversight. Even while acting on behalf of others in a business, the Christian must behave with these truths in mind.

The principle of stewardship flows from this reality. Private property rights are upheld by Scripture ("Thou shalt not steal." Exodus 20:15) as well as law. The Christian faces a moral obligation to respect property rights and to pursue the owners' best interests when serving as an employee. However, because the Christian recognizes that everything ultimately belongs to God, he or she must ensure that property is used in a way compliant with God's laws. The principle of stewardship encourages the Christian business person to adopt a short-term perspective of personal ownership and a long-term perspective of the impact of his or her decisions. Personal ownership is conditional and temporary; God's ownership is ultimate and permanent. As temporary custodian of another's possessions, the Christian should appreciate them and be inclined to care for them and use them as he or she deems consistent with God's will.

The Christian faith has much to say about how we view humans, both ourselves and others. From Scripture we learn the ideal of humankind, the only being created in the image of the eternal God; the ultimate creation, given simultaneously the privilege and obligation to use and care for the creation; and the only creature with the ability and responsibility to choose between good and evil. From Scripture we also learn of human failure and the tendency to choose evil over good and of certain particular weaknesses:

pride, greed, lust, sloth, deceit, etc. Yet, despite man's weaknesses, God put an inestimable value on his head by the sacrifice of the only son in order to restore the relationship once destroyed by human rebellion.

What does all this mean? It means that any view of the human as a perfect being or as capable of perfection in this world is wrong, and that any policy based on this view will fail, whether individual company policy or national welfare policy. Decades of welfare statism have seen poverty grow rather than shrink, in part due to social policies that assumed the ultimate goodness, honesty, and industriousness of humankind. They failed to realize that we live in a fallen world. On the other hand, a view of human as merely some higher animal will regard people as cogs in a large, purposeless machine, insignificant individually and collectively. This view will tend to disregard individual rights and dignity, and to deny self-determination. A Christian perspective will reject both extremes, and policies stemming from a Christian world view will simultaneously uphold both individual freedom and individual responsibility for the right use of that freedom.

The Christian perspective will cause one to value people above things. This perspective is neither naive nor unrealistic. In recent years, writers such as Steven Covey have skyrocketed to world recognition speaking on principle-centered leadership. The servant leadership modeled by Jesus finds its expression periodically in various "new" approaches to management. In 1970, Robert Townsend wrote *Up the Organization* (Knopf, Inc., New York), in which he criticized American managers for their authoritarian ways and applauded Japanese companies for using participatory management styles that emphasized the creative abilities of workers throughout an organization. More recently (1984), he chronicled the successes of American companies that had adopted participatory management policies in his book, *Further Up the Organization* (Knopf, Inc., New York). He stated that "managers should be the water carriers" for their employees. It would be hard to find a better analogy for Jesus' management model: servant leadership.

Implications of the Christian Perspective of Business

One aspect of value in teaching at a Christian university is the freedom to relate these truths to students and to engage them in discovering the implications for their own lives. If they fail to do so, they are handicapped in their ability to integrate faith and their work. Most students have not settled on a career path when they arrive at the University. They may have chosen a major, but they may not really know what they will do with it. The Christian must approach career selection by asking some ultimate questions: "How can I best serve God?" "How can I fulfill his will for my life?" Based on 20 years' experience, I believe that the university years are far more formative than popular opinion holds. Certainly it is critical that the Christian see the connection between work and the fulfillment of God's will, both generally and personally.

Further, the Christian must approach his or her daily work with a vision of that work as service to God. Without that vital spiritual connection, he or she goes to work without the

proper motivation. The apostle Paul tells both the Ephesians (6:5-6) and the Colossians (3:23-24) to do their work as if it were for the Lord, since "it is the Lord Christ you are serving." As things are, many tend to view themselves as inferior or second-string Christians relative to those in either the "ministry" or the "helping professions." Without the vision of work that Paul commands, too many Christians see no connection between their work and their faith. Sensing that their work is irrelevant to their faith, it is natural to assume that their faith is likewise irrelevant to their work. Without this connection, one will segment life into parts: a work life that is separate from the rest of life--family, religious, or other. An all-too-common consequence of this is to adopt separate standards of behavior, language, and ethics for the separate worlds. Christians must go to the work place with a clear vision of who they are and whose business they are about. Christianity provides a holistic view of humankind - who we are, why we are here, where we are going, and how we will get there.

The challenge to the Christian university professor is to articulate this Christian world view and explain its expression in the various business disciplines, but beyond that to advocate and model a life that is the expression of that world view such that students will understand it and choose it for themselves. The secular university offers no such world view and cannot recognize this connection. Even a well-meaning Christian professor at a state university would find it impossible to articulate this world view in the business classroom. At best, he or she might be able to share this with individual students, and even then only incidentally and at potentially great professional risk.

A Christian Perspective on Global Awareness

Christian faith affects many aspects of business education at Harding University, including the timely concern of global awareness. In modern business, "thinking globally" is a relatively new notion. One century ago, news of President Abraham Lincoln's assassination took weeks to arrive in London. Today, an American family can enjoy fresh kiwi fruit flown in from New Zealand, check up-to-the-minute global news on CNN, and converse via electronic mail with a family member in Africa. The speed and ease of global transportation, communication, and information transmission and processing has accelerated to a blinding pace. Americans in particular have been inclined to provincialism by their isolation and relative prosperity.

III. SPECIFIC EXAMPLES

When I have occasion to tell people that my undergraduate studies led to degrees in both Bible and Accounting, I get looks of disbelief usually reserved for alleged UFO abductees. Responses like, "Can you do that?" and "You can't do that!" and "Yeah, right--no, really, what did you major in?" For much of my university teaching career I have sought out opportunities in teaching and writing that are aimed at "bridging the gap" between Christian ethic and doctrine on one hand, and economic principle and practice on the other. It has crossed my mind, as I'm sure it has others', as I plan for a class in economics or finance, to wonder, what would Jesus teach, or how would Jesus explain this material? It's certainly a worthwhile question, although it should be noted that there

is no such thing as “Revealed Economics, or revealed Business.” That is, the Bible is not a book on Economics or Finance or, for that matter, on History or Science.

To contrive biblical insights on topics that are simply not addressed in scriptures can produce some really bad results I have a good friend who some years ago taught accounting classes and shared with me one of his favorite insights. He used the balance sheet, that financial report that demonstrates the equality of assets and the sum of liabilities and equity, to make the point that God wants us to lead balanced lives. Now that’s just bad. When one has to stretch that far to connect subject matter with faith, maybe there is no connection, at least at that point. I think most students will recognize a lame application, they’ll know you’re forcing the issue, and they’ll be more skeptical the next time you begin to share something. You may even lead them to conclude that, if that’s your best shot at connecting the subject matter to spiritual affairs, maybe there is no connection.

There are in fact numerous connections between Christian faith and doctrine and business and economic principle and practice—business is indeed a morally serious endeavor. Allow me to share a few insights I have gained and which I integrate into my coverage of the material. Some of them are overarching in that they apply to all areas of business, or even all areas of life, and others pertain to specific courses.

I’ve been teaching finance, accounting and economics classes at the university level for 23 years, mostly in Christian universities, but also in public universities and at one Christian university where many of the students were not very open to overt expressions of Christian perspectives. There are a number of opportunities to relate the materials to biblical principles, and I’m grateful to be in a setting here at Faulkner where students are looking for that insight. Maybe some examples would be helpful. In finance, one of the first principles we identify is “the goal of the firm,” its grand reason for being. This is defined very clearly at the outset of every finance text with which I’m familiar. That goal is the maximization of shareholder wealth—that is, the business exists first and foremost to order to benefit the owners, so their claims are primary. Some will surely say, wait—don’t the customers come first? And what about the employees? In fact, every business has a set of — those various parties who expect some benefit from the business by virtue of their relationship to it. Every business of any size has them A business’s stakeholders include its owners, its management and employees, its customers, its suppliers, its creditors, even the broader community, and of course, its owners or stockholders. We hold the owners’ claim as primary because they own the company.

But before you imagine this leads to all kinds of abuses of the other stakeholders, remember that all associations in free markets are voluntary. If I own a business, or if I manage it on behalf of the owners, I can’t disregard the expectations of the non-owner stakeholders. I need loyal customers, and good employees, and good relationships with suppliers, including my suppliers of capital, my creditors and owners. I must give them their due; if I don’t, they go somewhere else. Despite the occasional, high profile, and huge blunders by the likes of Enron and Global Crossing and MCI Worldcom, that a

business has to do a lot of things right, balancing a variety of competing interests to be successful.

So, in general, I can recommend the goal, to maximize shareholder wealth—a share of stock represents part ownership of a company, and the right to private property is upheld in scripture and also is protected by law. But I also recognize that everything ultimately belongs to God, and humans are only stewards of his belongings. This prohibits me as a Christian businessperson from doing anything that would be a disservice to God's interests, whether the asset is owned by myself or someone else. So I must qualify that overall goal—that we can and should seek to maximize the owner's wealth—to do the very best we can for those who have entrusted us with their wealth—with the provision that we abide by the laws of man and by God's higher moral laws in doing so.

Taking it a step further—how does a business go about maximizing shareholder value? Ironically, the way to maximize the value of the stock is not by focusing on the stock's value at all, but rather by focusing on maximizing the value of the business itself. This is accomplished primarily by making good investments and efficiently managing those investments. Value created through the firm's investments will be reflected in increased value of the owner's equity. Now, this creation of value is achieved primarily by identifying new products or services, or developing new markets for the firm's products, or finding ways to produce them more efficiently. A business creates value when it is able to supply a good or service that people want at a price they are willing to pay, assuming it is able to cover its costs and produce a profit.

This is a critical realization. To increase the value of the firm and therefore increase the value of the firm's stock, I must serve others' interests. The focus of every firm that seeks to maximize shareholder wealth is directed outward, to fulfilling wants that exist in the markets it serves. This idea, the creation of value, is a Godly pursuit. It's a very spiritual thing, and it should be seen for what it is—not just the occasional act, but a way of thinking, and the *modus operandi* for any successful business. How is your business creating value for its customers through its products and services? How can it do even better? And these questions are not just relevant to finance, or to business, but to all of life. How are you creating value through your work? How about in your relationships? In your classes? On the athletic field? In chapel? In finance we have specific techniques for determining whether a proposed investment will create value, but the mentality of value creation stated any number of ways—leave things better than you find them; make the world a better place; love your neighbor as yourself; commitment to continual improvement; God isn't finished with me yet. Who doesn't want to work with someone who is committed to improving everything he or she touches? Aren't those the kind of people you want to deal with and be with?

A business should be understood as a way to bless the lives of all its stakeholders—its owners, customers, suppliers, employees, creditors, and the community in general. The first and most obvious benefit is the products and services it provides. My life is made better, easier and safer by companies that provide me with jump drives, online bill payment, 15-minute oil changes, easy-glide dental floss, zip-loc storage bags, and

intermittent windshield wipers. Once when I commented to one of my sons on how we are blessed by such things as intermittent wipers, he asked what we did before we had them. I told him you'd have to reach up and turn the wipers on, then right back off. You would have thought I'd said, "Well, someone had to climb out on the hood with a towel, while going 60 mph. Products and service are the most obvious benefits businesses provide to society. But businesses provide benefits to their employees, including meaningful and purposeful work, as well as compensation that allows workers to provide for themselves and their families. Their compensation allows them to live longer, more dignified and less-burdensome lives, and affords them wider range of choices in the necessities of life—food, clothing, shelter, but also in education, transportation, communication, and so on. And returns paid to creditors and investors for use of their funds encourages savings and allows people to earn a living when they are no longer able to work. And there is a multiplier effect. There is a saying in economics that "a rising tide lifts all boats." What it means is that a business rarely succeeds in isolation. A growing business will bring about more hiring, more supplies purchased, greater investment, more financing. One company's success actually helps others succeed.

IV. WHAT IS BUSINESS?

One of my projects this semester is to develop some instructional materials aimed at training very poor people in Uganda to start and run very small businesses—known as microenterprises. In these settings the economy simply does not produce many jobs, so people must create their own. Most have very little formal education, and no training in even the basics of business. How would you explain to someone how to go about identifying a business idea? Do what you enjoy? Do what you are already able to do? How about this advice? Identify a problem you have or that others have. How could you solve that problem? Is there an opportunity to solve this problem through a business? Isn't that what business is about? Solving problems? Satisfying wants? Making life better in some way? Think of the businesses you deal with—isn't that what they do? Isn't that why you patronize them?

The theme is repeated in Michael Gerber's excellent book, the E-Myth revisited. Gerber is a small business guru whose website offers a large array of services for current and prospective small business owners. The term e-myth refers to the belief many people have that most businesses are started by entrepreneurs. Instead, he says, most are started by technicians--and a huge number of them fail within a few years. In fact, says Gerber, every business owner has some measure of three personalities within her. The Entrepreneur is the visionary, the dreamer who jumps from one idea to another but doesn't get much done. The manager takes the dream, organizes the business and tries to keep the entrepreneur from messing up that organization. The technician is the one who actually does the work. Most businesses, says Gerber, are started by that last personality—the roofer who goes out on his own. The backyard barbecuer who volunteers to cook for every church and family gathering--loves it-- and has been asked for years why he doesn't open a restaurant. The computer programmer who decides she is tired of the morons she works for and is better setting up her own web design business. The problem, says Gerber, is that technicians are so work-oriented, they don't realize

there is a business to run. He also says—first, look for a market. The key to succeeding in business is not in doing what YOU want to do, nor pursuing self-actualization. It is first in finding what OTHERS want, meeting OTHERS' needs, as they see them.

Much of my adult life has been spent in a small town in Arkansas, and even there I could buy goods from all over the globe. Pasta from Italy, lamb from New Zealand, shrimp from Thailand, tires from Japan, gasoline from oil that originated in the Middle East, strawberries from California, *Cavender's* seasoning salt from Harrison, Arkansas and, even items from far-off, exotic China. Yet there were no government programs or committees to insure that these products were available to me. They were brought there by private citizens acting in their own best interest, who wanted something from me, and who knew that the most ethical and lawful, and therefore the safest, way to do that was to give me what I wanted in exchange.

The more I study how resources are allocated through competitive free markets—the economic system known as free market capitalism—the more I am amazed. Some years ago, syndicated columnist Cal Thomas said, “If you want to understand abnormal human behavior, study psychology; if you want to understand normal human behavior, study economics.” Economics concerns the way that individuals and groups allocate scarce resources among practically unlimited wants to obtain the maximum benefit.

Markets serve to allocate resources in accordance with society's wishes. A market is simply a means or mechanism by which buyers and sellers come together for the purpose of conducting trade. Some markets have a physical existence, as in a grocery store, or KFC or Jack Ingram Nissan. Others don't, like Ebay. But the one purpose all markets serve is to allocate resources in accordance with society's wishes, and they do so through the interaction of supply and demand. Scarcity of resources is a reality—not scarce in the sense that something is rare or that you're going to run out of it. A “scarce” resource in the economic sense is simply anything that is valuable, that has a price—that is, you have to give up something else to obtain it. The interaction of supply and demand will explain why Volvos sell at higher prices Chevrolets, why engineers make more than car wash attendants, and why gasoline prices rose sharply last fall. Prices do indeed reflect the relative value society places on goods.

As a Christian businessperson, I am amazed by the workings of the free market, but I'm also disgusted at times. I have to be impressed with the way markets work to deliver the goods and services people want, most of which make their lives better. I appreciate the contribution that free enterprise has made to the welfare of millions upon millions of people. It is impressive to observe how it directs people, while acting in their own best interests, to fulfill the wants and needs of others. But a market is only as moral as the people who make it up, and there are goods and services traded in free markets that are immoral and unconscionable--the trade in child pornography, the child sex trade in Thailand, even the human slave trade that still exists in parts of the world, to name a few that *all* of us would agree are a shame to humanity and to God.

V. CAPITALISM

Democratic Capitalism is the unquestioned winner of the war of politico-economic systems. Free market capitalism, through the incentives provided by private ownership of the means of producing goods and services, has provided more goods and services to more people than any other system known to mankind. Yet capitalism continues to be relegated to the role of democracy's uncouth, embarrassing, tag-along brother. Some Christians are uncomfortable with the profit motive. Capitalism suffers from several contradictory images, not the least of which is the perception that it is based in, and in fact produces greed, the lust for more and more things. Greed, it is supposed, pits each market participant against all the others, replacing cooperation with competition. From this pessimistic perspective, capitalism institutionalizes humankind's worst traits—greed, envy, insatiability, and lust. It rewards self-centeredness, and sets neighbor against neighbor in a vast struggle for wealth, driving each one to take whatever ethical shortcuts are needed to take advantage of the other guy else.

Another perspective is more optimistic and ultimately prevalent. Because all associations in free markets are voluntary, a profit-seeking participant realizes that she can obtain some benefit from others only by giving them something they want in exchange. Anyone wishing to earn a profit therefore must ask, initially and continuously, what the other parties want. Since participants to any transaction are volunteers, they will only engage in transactions that are to their benefit; thus, transactions occurring in free markets are characterized as "win-win." This comes as a surprise to some people who believe that economic exchange is a zero-sum event. That is, they believe that if one person gains through a transaction, the other must necessarily lose. This is simply wrong. If I voluntarily go to Publix and pay \$3 for a gallon of milk, which Publix voluntarily sells to me, in economics that is regarded as a win-win transaction. We both benefited. I gave Publix \$3 because I valued the milk more than I did the \$3. Publix sold the milk to me because it valued the \$3 more than it did the milk. It's difficult to find a loser in that exchange. Despite this popular myth, the reality is that free market capitalism requires and therefore encourages a concern for others, even a gregariousness that is not required under socialism.

What of the claim that capitalism engenders greed? In terms of classical economic thinking, the term is "enlightened self-interest" and enlightened self-interest is considered a primary explanatory variable of human behavior. Even from a Christian perspective, I can appreciate the reality of self-interest and understand it as less than ideal. Jesus established self-love as the ultimate standard by which his listeners were to regard others: "Love your neighbor as yourself." It was understood that someone would love herself. Of course, self-interest is not the ideal for Christians. Jesus raised the bar to its highest point when he commanded: "Love as I have loved you."

Properly understood, free market capitalism is the most gregarious of any economic system, since it requires that those who would be successful by earning a profit may do so only by first asking what the market desires, then seeking to fulfill those desires. The businessperson must then provide that good or service at a price the market is willing to

pay, and to earn an adequate return on invested funds by carefully watching costs. In a competitive environment, the task is an imposing one.

In free markets, all associations are voluntary—I cannot make someone buy from me, sell to me, work for me, lend me money, or otherwise invest in my enterprise. The only way I can get others to do what I want is by giving something they want in exchange. In that sense, then capitalism turns the natural desire for self-preservation into outward-focused behavior.

Another claim against capitalism is that it thrives off competition, which undermines the building of Christian community. This is an interesting claim, because the ones that I have heard argue this most emphatically are academics, and in the case that comes to mind, one who strongly believed in high academic standards, i.e., in highly competitive admissions and scholarship requirements.

Certainly, scarcity requires allocation of resources, and competition of some variety or other as a means of bringing about that allocation. Rather than competition for scarce resources decided by family ties, political clout, physical threats or other means, the competitive advantage under capitalism goes to those firms that are best able to satisfy the wants of the consumer. Thus, the unique feature of competition in free markets is, once again, its outward focus. The results of competition are improved products and processes; identification and fulfillment of consumer wants; increased efficiency of production and delivery methods; and on a grand scale, progress.

Competition also produces an often-overlooked result--cooperation. All parties hoping to benefit from a firm's success find that it is to their mutual benefit to work together to advance common goals. It is more efficient for the owners, creditors, employees, managers, and even customers and suppliers of a firm if they face the outward competition together rather than separately. This requires an enormous amount of cooperative effort, as Francis Fukuyama (*Trust: Social Virtue and the Creation of Prosperity*) notes:

“Spontaneous sociability is critical to economic life because virtually all economic activity is carried out by groups rather than individuals. Before wealth can be created, human beings have to learn to work together, and if there is to be subsequent progress, new forms of organization have to be developed.”¹

There is one more criticism levied at capitalism that I'll address briefly here—that capitalism creates inequities, specifically, that it is responsible for the growing gap between rich and poor. We must realize that for the vast majority of human history, the vast majority of people have lived in grinding poverty. With all his wealth, King Solomon could not imagine a heart transplant, or any other modern conveniences that make our lives longer and better. Every society must make choices with regard to safety nets and ceilings, that is, what supports it will provide for those who are unable or unwilling to compete in the free market. As Christians, we must be aware and involved

¹ Fukuyama, *Trust*, p. 47

in providing opportunities for those who are disadvantaged through education, lifeskills training and job training. At the same time, we must respect the private property rights of those who are wealthy by legitimate means, and not regard them as villains because they have become wealthy. To everyone we should model generosity and agape love.

Nearly half the 6 billion people in the world are poor. As a matter of definition, there are three degrees of poverty: extreme poverty, moderate poverty and relative poverty. Extreme poverty, defined by the World Bank as getting by on an income of less than \$1 a day, means that households cannot meet basic needs for survival. They are chronically hungry, unable to get healthcare, lack safe drinking water and sanitation, cannot afford education for their children, and perhaps lack rudimentary shelter—a roof to keep rain out of the hut—and basic articles of clothing, like shoes. We can describe extreme poverty as “the poverty that kills.” The total number of people living in extreme poverty is estimated at about 1.1 billion, one-sixth of the earth’s human population. While most of those people are in Asia, extreme poverty is more deeply entrenched in Africa, where almost half of the continent’s population lives in extreme poverty, a proportion that has actually grown worse over the last 20 years, due to drought, wars, and the ravages of AIDS.

Several days ago in chapel I announced a new organization, *Business As Missions*, that is aimed at attacking extreme poverty through various efforts aimed at this time at Uganda. As I said early, business can and should be viewed as a way to bless people’s lives in God’s name. I believe this kind of effort fulfills Faulkner’s mission and our Christian mission. Thank you again for this invitation to speak and for your kind attention.