

## The Poverty of Nations: A Sustainable Solution

**Wayne Grudem and Barry Asmus**

Wheaton, Illinois: Crossway, 2013 (398 pages)

Since the 1980s, promarket works from a Christian perspective have been few and far between, though one can find a good many opposing free markets. In the past several years, Robert Sirico, Scott Rae, and Austin Hill have published books arguing both for the obvious efficiency of markets and the not-so-obvious morality of markets. Wayne Grudem and Barry Asmus have now contributed to this revived interest in defending capitalism with *The Poverty of Nations*. The authorship itself makes the book somewhat distinctive. Grudem is a well-known evangelical theologian whose *Systematic Theology* is widely used and respected, while Asmus, a professional economist, has had a long career in both writing and speaking on a variety of economic issues.

After a foreword by Rick Warren, the authors make clear that they see their book as distinctive among defenses of free markets (properly defined). First, the book makes a case for a “sustainable solution to poverty” through the institutional mechanism of free markets (25). Second, as becomes clear at the start, the authors are committed to making their case both on efficiency grounds, which few would dispute, and on ethical grounds from a distinctively Christian perspective. Third, as Grudem and Asmus state, the unit of analysis is the nation: “We are convinced that the primary causes of poverty are factors that affect an entire nation” (25). As nations adopt the solutions proposed by the authors, their economies in the aggregate improve over time, but, in the process, the real welfare of individuals also improves. Human flourishing occurs, and it is something beyond mere material prosperity. For this to take place, however, leaders of nations must begin to grasp the importance of free markets and freedom in general for their nations and then begin to advocate for or promote reform.

Several features stand out in this book. It is deliberately aimed at a general audience but without insulting the professional economists, political scientists, and policy analysts who may read it. In this, it is quite successful. The terminology is not overly technical and there are few graphs and no mathematical modeling. Thus the book would be useful for an undergraduate class in economic development or a noneconomics class such as in a theology department. It is also useful to political leaders without formal economic training. Pastors, missionaries, and theologians will also find it easy to read.

*The Poverty of Nations* is in essence a more or less comprehensive list and discussion of the many factors that can lift a nation out of poverty and create the conditions for genuine human flourishing. This is no easy task, as the work of examining causal factors for economic growth of the best kind is full of pitfalls (e.g., possible errors in tracing causation versus simple correlation). Nevertheless, the authors do address a list of seventy-nine different (in some cases overlapping) factors contributing to the prosperity of a nation and its people. They divide these factors into four categories: (1) the nation’s economic system, (2) the nation’s government (political and legal institutions), (3) the nation’s freedoms, and (4) the nation’s values. The first three are not controversial among

economists, but the last one has been frequently underemphasized. Under the nation's economic system are included a free-market institution arrangement, private ownership of property, and low tax rates, among others. The category of government includes factors such as the rule of law, a stable justice system, protection of individual freedoms, horizontal and vertical separation of powers, contract enforcement, and minimal bribery and corruption. The "Freedoms" category includes freedom to own property, to buy and sell, to travel, to relocate, to open a business easily and inexpensively, and to choose one's own occupation. Finally, under "Nation's Values" is a general societal belief in God, a valuation of certain virtues and traits (including truthfulness, work, and responsibility), as well as belief in marriage and in humans as the most important creatures.

The most interesting feature of the book for the Christian reader is its biblical-theological approach to economic issues. The authors have the economics "right" for the most part. Almost everyone agrees that free markets (the authors do not like to use the term *capitalism* because of its baggage) bring aggregate prosperity to a nation. However, recent criticism of markets has focused on the perceived ethical shortcomings. Grudem and Asmus go to great lengths to convince the reader that markets are actually consistent with biblical teaching, and, in contrast to other systems, such as socialism, they actually do what the critics say they do not do—help poor people. Their argument is important. A capitalist and a socialist Christian may agree on their goal—creating prosperity for all—but they will disagree on the means. Grudem and Asmus make a powerful case that in fact markets do raise poor people up, provide them real opportunity for what Arthur Brooks calls "earned success," give dignity as humans, and enable them to succeed materially.

The approach of the book is straightforward. Using standard measures of poverty and prosperity for nations, per capita income and gross domestic product (GDP), the authors argue that the goal of every nation should be to create more goods and services of value. This seems oversimplified but the idea is that as nations adopt policies that free citizens to pursue their vocations in markets that are themselves free from nonessential intervention, both GDP and per capita income will begin to increase. Prosperity results and poverty disappears, to a large extent, though never completely, over time. The seventy-nine factors play the role of catalysts in moving nations in the right direction.

The flaws in the book are arguably minor. One might criticize the measures of prosperity, GDP, and per capita income as not entirely accurate, but, as the authors (and others) have said, they may be the best we have for now. Use of some of the biblical texts might be strained, but they are not crucial to the overall argument. Moreover, the argument will be made that the authors omitted texts that do not support their position, but these texts are themselves contested. The simplicity of the book is sure to be questioned by some, but, in defense, how is one to reach the audience that needs to hear this message if one cannot pitch it at the level of the layperson? It is true that some nuance is lost, but it is made up for by the force of what is included.

This book is a much-needed corrective to much Christian economic literature, which has too often taken the position that poverty can only be eliminated by more government, less capitalism, more foreign aid, less personal and national freedom, more policies that

reduce values crucial to human flourishing, and fewer values that increase dignity and work. The authors do not argue that markets are perfect; no institutional arrangement is perfect. Nor do they argue that free markets without virtue will function well. Their perspective is distinctly Christian and so they contend that capitalism is the best arrangement we have, given our humanity in the image of God and our sinfulness due to the fall. Market institutions, Grudem and Asmus make clear, are not perfect, but they can be improved. The alternatives are far worse. If nations will but implement the right policies and cultivate the right virtues, they will be well on their way to the goal of reaching prosperity and genuine flourishing for all citizens. It is not that the authors have posited a new theory but rather that they have coherently and comprehensively restated a synthesis of older economic, political, and moral ideas and have shown how and where these ideas are consistent with a Christian, biblical view. A final caveat: If the reader comes to this book with an essentially antimarket bias, he or she will probably not like it. The authors candidly tell the reader that markets are the best solution to the poverty problem. The book deserves to be read and widely discussed by Christians everywhere.

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## Journey toward Justice: Personal Encounters in the Global South

**Nicholas P. Wolterstorff**

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Now at age eighty-two, Nicholas Wolterstorff (Noah Porter Professor Emeritus of Philosophical Theology at Yale University and senior fellow at the Institute for Advanced Studies in Culture, University of Virginia) has so far had a very active retirement. Since 2001, he has lectured and taught in various places, written numerous articles and two academic monographs on justice, and released several volumes of essays on various topics packed with new material alongside preretirement gems. Readers of any part of Wolterstorff's substantial and still growing corpus find a philosophical discourse distinguished for its penetrating analyses, relentless reasoning, and clear writing. *Journey toward Justice* is classic Wolterstorff with a bit of a twist: This time his philosophizing is woven into a personal narrative highlighting a series of life-shaping encounters with sufferers of injustice in the global south (mostly).

He is not ordinarily a reluctant author, though his work is rarely this personal outside of a few articles and his heart-rending *Lament for a Son*. He opens *Journey* with this notice: "Had it not been for the prodding of others, I would not have written this book." Why? "This is a story. I am a philosopher. Philosophers seldom tell stories; we deal in abstractions"—true of most analytic philosophers, at least. However, he offers this reason too: "Autobiography does not come easy to me." He attributes this to his Dutch Reformed upbringing in rural Minnesota where modesty, hard work, and understatement are the rule.